Sir Norman Angell Writes on: The World After the War (Page 12)

THE FINANCIAL POST

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The Nation's Business

Let's Face the Facts —At Home

Let us face, this week, two simple but important facts.

1. Enormity of Canada's armament programme.
2. Necessity for conducting this programme on sound business lines.

* * *

In this war, most ordinary yardsticks have had to be thrown away. We reckon in astronomical terms.

It is comparatively easy to make a few thousand shells, or rifles, or even planes. But we cannot suddenly produce a billion and a half dollars worth of munitions in a country whose total production of manufactured goods amounts to little more than $3 billions annually, without changing the entire pattern of peacetime commerce and industry.

To produce these goods and dovetail the programme into ordinary channels of trade is a job for the nation's ablest executive manpower. Unless it is done with extraordinary efficiency and skill, overwhelming grief and catastrophe may result. The lives of millions of men, women and children may depend on whether or not the manufacturer of one small precision instrument is able to get the materials, the labor, the machinery to permit him to do his job on schedule.

* * *

So far, the work of those responsible for Canada's munitions programme has been chiefly that of playing Santa Claus to Canadian industry.

The emphasis has been on contracts, orders, "Make me a million of that." "Build a plant to do this."

Yet production schedules are puny now, compared with what will be required when these tens of thousands of contracts come to be honored.

* * *

Most of the men appointed to these jobs are trained, experienced businessmen gathered from all parts of Canada and from every kind of business. As a rule they are given one job to do. Their ability to do it well is hampered by lack of control in the direction of the programme as a whole.

They have little chance or opportunity to know what is being done by someone else. Only occasionally does a clash of priorities or schedules bring them out of their "cells" to learn what is going on in other cells down the hall.

One man negotiates a contract. Another signs it. One man orders something. He may lack authority or facilities to ensure that the goods are delivered.

At present Mr. Howe is the only man with authority to co-ordinate this programme. He is the only man with an opportunity to see the picture as a whole. But can Mr. Howe use that opportunity?

The answer is: "No."

No minister can disassociate himself from his political connection. He must not only report to the Cabinet and satisfy the Prime Minister and other ministers as to the line of policy he is pursuing, he must also fight off patronage seekers. He must maintain "good will" for the Government. This dual role of parliamentarian and munitions "boss" is not consistent. It is an impossible role to fill.

Mr. Howe cannot attend his cabinet and parliamentary duties, cannot direct the C.B.C., the T.C.A., civil aviation, meteorologic and radio services, and his other peacetime jobs, and at the same time personally co-ordinate the placing and fulfillment of 50,000 individual contracts involving the equivalent of half the entire industrial capacity of the country.

Under Mr. Howe should be placed a man with complete authority over the letting of all contracts and the control of production schedules. He would be judged solely by his ability to get results.

His title is not very important. His job is supremely important. It is a basic, business job—an executive job—of industrial management and control.

Were a business executive of proved ability to be appointed for this job, Mr. Howe could clear away, at once, the handicaps which must embarrass him as a politician and Cabinet minister.

The job to be done is one which any industrial general manager must do—co-ordinate the flow of labor, materials, and product so as to ensure speed, efficiency and economy. He must be shrewd and competent in averting bottlenecks and in utilizing to best advantage the nation's available industrial plant. He must be able to view the procurement programme as a whole and have authority to co-ordinate its individual parts.

Above all this chairman or "boss" must have the right to choose his own assistants. He must have a free hand in giving responsibility only to those who are competent officials. This is true of any business, large or small. It is of the greatest importance in a programme as big and as vital as munitions and supply.

* * *

Such an appointment would lift a heavy and impossible burden from Mr. Howe's shoulders. It would be applying commonsense business principles to a job which is essentially a business undertaking.

The job requires no "superman." It does require one who can command the respect and loyalty of his associates and those whom he will choose to work with him.

This is a simple but essential fact that must be faced on Canada's home front. If it is not faced there is grave danger of calamitous befuddling of Canada's armament programme in 1941.

* * *

Is Existing Plant Being Wasted?

Having read a previous article in this column entitled "Let's Face the Facts—At Home," a Post subscriber from Chicoutimi has sent us information about this community which he feels bears definitely on the broad policies being discussed by The Financial Post under this heading.

The facts he submits are these:

"Chicoutimi is a small town, situated at the junction of the Chicoutimi River with the Saguenay; population about 15,000. The main industry was a mechanical pulp mill, owned by the Quebec Pulp & Paper Corporation (or the Chicoutimi Mills Ltd.). Since 1929 the mill has not operated, and has been partially dismantled, so half the citizens were on relief.

"The construction of new plants by the Aluminum Company at Arvida, has recently taken up most of the unemployed, but this work is nearing an end, and the problem will again be acute.

"The Chicoutimi Mills also own a rather large and modern machine shop, equipped with a foundry and machine tools. They also own a power house developing 7,000 h.p. which is presently idle. The mechanical pulp grinders were operated by a series of turbines, having a combined capacity of 20,000 h.p. With present highly efficient machinery total

(Continued on page 2, col. 4)

Investigating Butter Price

From Our Own Correspondent

MONTREAL. — Indications that the Dominion Government is taking more than an ordinary interest in the sharp rise in butter prices in recent weeks is seen in the move of the Wartime Prices and Trade Board calling for a report on supplies and who holds them.

This rapid rise was a complete reversal of form shown by the butter market in midsummer. Prior to August it appeared that butter stocks were building up. Lack of confidence, inspired by the defection of France, extended into the butter market and prices slumped.

Find Speculative Interest

The present Government enquiry is thought to be an attempt to ascertain the real position of the butter market. It will reveal what proportion of the rise in prices has been caused by speculative buying and what may be attributable to the normal factors of supply and demand.

What will arise out of the stocktaking is a matter for speculation. The results may show that greater measures of control are necessary to curb sudden price rises.

Oil Control Policy May Tighten

War Necessities Could Quickly Alter Present Policy of Limited Interference With Supply

Canada's wartime control over oil and gasoline, still evolving in line with a broad survey of the country's position, now points to no immediate drastic curb on normal supply or use.

But definitely possible later on are such measures as restricted gasoline imports, and rationed civilian use of oil and gasoline. Expansion of domestic refinery output is already in progress.

This is clearly established by a survey of the situation by The Financial Post, centred on the steps taken and the basic policies so far worked out in applying the Government's oil control authority. From this it is evident that the moderate control to date, and in the near future, will promptly be extended by more decisive action should this be deemed necessary.

Possible Future Steps

Control weapons already laid at hand, and considered for use should the situation demand it, include:

1. Curtailment, if not suspension, of imports of refined gasoline into Canada, to foster maximum use of output of the major companies with their own refineries in this country.

2. Reduction, regulation and realignment of crude oil imports for refining into gasoline and lubricants in Canada. As with the possible curb on gasoline imports, this would result chiefly from pressure to conserve U.S. exchange, as well as from necessity to assure supplies of petroleum products for war purposes.

3. Rationed use of oil and gas for civilian and commercial purposes, both to brake down need for imports and to adjust demand to the supply of domestic production plus reduced imports.

4. Further pressure on Canadian producers of both oil and refined products to increase domestic output and, if necessary, to expand facilities to meet war demands and take up the slack from reduced imports.

Policy to Date

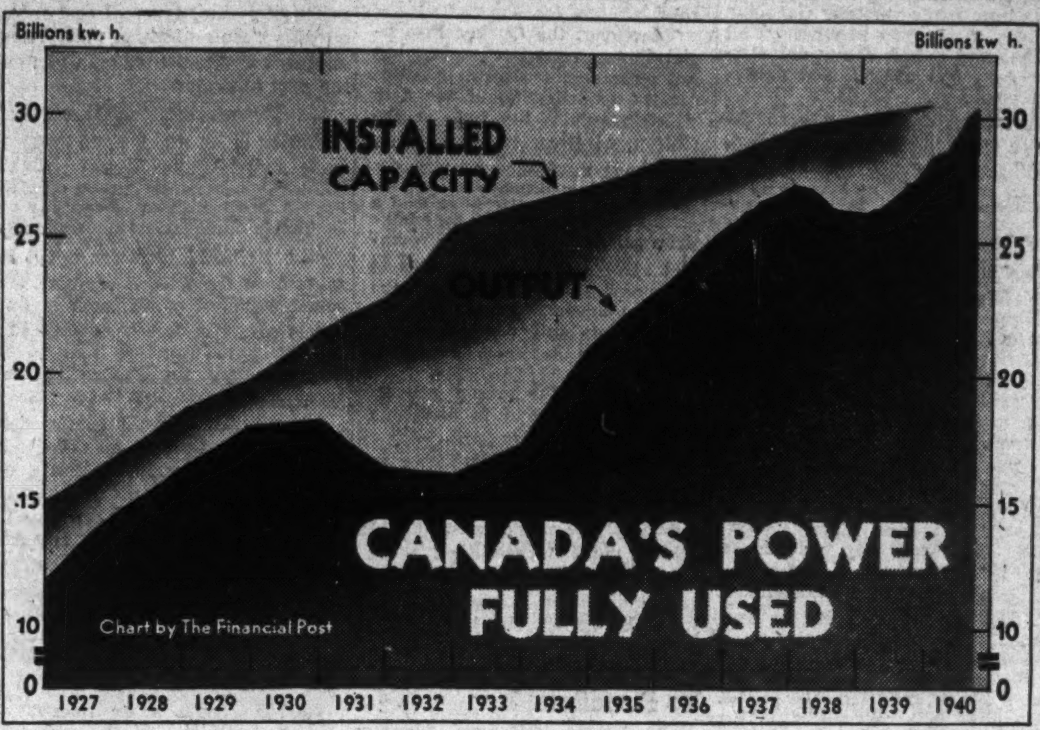
Since late summer the oil controller, George R. Cottrelle, has been gathering data, building up his organization, and acting to meet demands of the current situation.

So far he has not interfered to any important degree with ordinary civilian use of petroleum products, nor is there any certainty that this will take place. Mr. Cottrelle to date has:

1. Arranged for Canadian refineries to supply 87 octane aviation gasoline, adequate to meet all requirements. All that will have to be imported is a small amount of 100 octane gasoline for special needs. To make this in Canada in the small quantities required would not be economical at present.

2. Arranged with refiners in the three prairie provinces for storage space to accommodate 27½% of the

(Continued on page 4)



The looming threat of a power shortage in Canada, unless demand can be curbed or additional reserves developed, is pointed out in this chart. Central electric generating stations have had to boost actual operating output close to the limit of installed capacity. Based on a graph in the latest statistical summary of the Bank of Canada, the chart depicts installed capacity on the basis of 1 h.p. equals 4,000 kw.h. Output shown includes nearly 6 billion kw.h. of deliveries to electric boilers, which is now being curbed.

Roosevelt to Speed Plans If Elected

Willkie Win Would Also Bring Greater Aid to Britain, Stronger Hemisphere Defense, But Slower Than by Democrats

On Tuesday next the most dramatic presidential election campaign in recent United States history ends. Willkie or Roosevelt,—Canada has a profound interest in the outcome.

The Financial Post asked P. H. Whaley, one of the most distinguished of professional observers of American business and politics, to interpret the election for Canadians.

Mr. Whaley, a law-trained newspaperman, is a former editor of the Philadelphia Evening Ledger. For 22 years he has been head of the Whaley-Eaton Service, a most able weekly survey of American affairs published in letter form.

By P. H. WHALEY

WASHINGTON.—Whether Roosevelt or Willkie is elected President of the United States next Tuesday, the effects on both the business and international situations will be profound. Not only is American business, for instance, awaiting the outcome of the election, but so are foreign chancelleries throughout the world.

There will be profound changes if Roosevelt is elected, but they will be along the lines of intensification of his present programme, rather than any fundamental reorientation. Ever since Munich, Roosevelt has been committed, in heart and mind, to resistance to the dictators. Others, notably the populations of the immediately affected nations, may have rejoiced at the peace which Munich seemed to bring, but not Roosevelt. He all but literally wept, and from that moment neither he nor Secretary of State Hull doubted for a moment that the Axis threat would have to be met by force of arms.

Roosevelt realized that his public was not ripe for the armament programme then clearly indicated. The American public, indeed, was as complacent as the French and British publics, and seemed entirely convinced that an appeasement programme of some sort would succeed.

Only a year ago Roosevelt, despite his huge majorities in both Houses of Congress, found it extremely difficult to revise the Neutrality Act so as to permit shipment of arms and munitions to Britain. He succeeded in doing so only by accepting the cash-and-carry principle.

Since both Roosevelt and Willkie are thoroughly convinced that the peril to America is now the greatest since 1776, it is safe to assume that neither man is content with the present situation, so far as aid to Britain is concerned.

Accordingly, if Roosevelt is reelected, and if he does retain control of both Houses of Congress, he may

(Continued on page 2, col. 3)

Power Famine Looms Ahead

Quarter Million h.p. Shortage Seen Next Winter—Plan New Plants

By STAFF WRITER

OTTAWA.—Canada faces an electric power shortage of at least 250,000 horsepower next winter. To avert it four steps are being given official consideration, The Financial Post learns in informed quarters. These are:

1. **Immediate start on erection of new power plants.**
2. **Ban on the use of electric boilers in industry.**
3. **Probable extension of daylight saving time to year-round status for the whole Dominion.**
4. **Probable restriction of domestic use of electric water heaters, stoves, display signs, shop window lighting and related uses.**

It will be nip and tuck in the winter immediately ahead, but no serious crisis is expected. Recent conservation steps, plus more water at Niagara have saved the immediate situation.

Once through this winter, of course, means easy sailing for spring, summer and fall, because peak loads only occur when the days are shortest and the weather coldest.

Consumption of electricity in Canada has risen sharply since the war, and especially so in the last few months. The reason, of course, is war production. Factories that were operating only a few days a week 12 and 18 months ago, are now in many cases on three shifts.

But present activity is considered only a rehearsal for the speedup ahead. Since last spring hundreds of millions of war contracts have been signed at Ottawa. For the most part, delivery on these has hardly started. In many instances brand new factories have had to be built before production could start.

By next summer most of these new plants, as well as extensions to exist-

(Continued on page 10)

U.S. Non-war Imports May Soon Be Curbed

See Fruits, Vegetables and Household Appliances Placed on Restricted List — Need Exchange for War Buying

By GORDON L. SMITH
Staff Writer, The Financial Post

OTTAWA.—Canadian housewives may soon be given a special opportunity for serving the country's war effort. They may be asked to cut down drastically their consumption of goods from the United States in order to conserve credit for vital war purchases. American fruits, vegetables and household appliances may soon go on the restricted list and the exchange thus saved used for our mounting purchases of war equipment.

Smooth the Way

As soon as the United States elections are out of the way next week, active negotiations between Ottawa and Washington will likely get under way, The Financial Post understands.

Our trade agreement with the United States, as the American Minister, Hon. J. P. Moffat, pointed out in his Canadian Club address in Toronto this week, contains a provision that should either country be engaged in war, revisions could be made without violating the terms or spirit of the accord. On two occasions Canada has made such revisions, once late last winter when a quota was imposed on imports of American pork, again last June when a 10% war exchange tax was imposed on all non-Empire imports. In both cases Washington authorities were consulted in advance and recognizing the compelling war necessities involved interposed no objection. There is no indication yet just how much further leeway the United States Government can concede without arousing objection from its own interested industries.

$25 Millions Import

In a normal year Canada imports $20 millions of fresh fruits and vegetables from the United States and about $5 millions of household appliances and equipment. Oranges, grapefruit, lemons, lettuce, celery, early tomatoes and potatoes loom largely in the first group; refrigerators, washing machines, sewing machines, vacuum cleaners, toasters and cutlery in the second.

Ottawa thinks that this bill is far larger than we can afford in wartime; that we need Californian built planes more than Californian-grown lettuce, New England sub-machine guns, more than electric toasters. There is, however, no intention of simply placing an embargo on this import, it is said here, but rather to adopt selective restriction. Much will depend on whether the articles or a satisfactory substitute can be grown or produced right here in Canada or whether it can be obtained from some country with which we have no exchange problem.

Quotas Likely

After careful investigation it might be decided, for instance, that our $7.7 millions annual import of citrus fruits from the United States should be reduced by say 50%. A quota could then be worked out based on last year's imports and a system of import licenses set up. At the same time authorities would make every effort to secure citrus fruits elsewhere.

Last year we did get a few oranges from South Africa, British Honduras, Brazil, the West Indies, Palestine, Japan and Spain. Spread of war and lack of shipping have cut some of these countries off, so far as citrus fruits are concerned, but this development works both ways. Some of them undoubtedly may be more anxious than ever to export to Canada. With United States exports limited to but half or less of normal, there would certainly be more incentive for a country like Brazil or British Honduras to come forward.

U. S. Dominant

To secure anything like the volume of citrus fruits the United States is contributing now, however, would seem to be impossible. Out of a total orange import of $5.8 millions last year, all but $300,000 worth came from the United States. The proportion was almost the same with grapefruit and lemons.

Bananas are in a different category, but there is a problem here too. As everyone knows or should know this fruit is not grown in the United States. But over a quarter of our $2.2 millions imports last year was credited to that country, apparently being shipped into Canada via United States and paid for in war-vital-American funds. Undoubtedly Ottawa will have to work out other

(Continued on page 2, col. 6)

Dosco Revenue Forges Ahead

Volume of Sales at Record Level, Well Above 1939

From Our Own Correspondent

MONTREAL.—Dominion Steel & Coal Corp. gross earnings for the current year, in line with increased scale of operations, are running well above those for 1939. At this stage there is not much doubt but that returns for the full year will be ahead of the $3 millions mark reported in 1939.

How much of the increased income will be shown as available for distribution on the B stock is indeterminate. Higher income tax and "excess" profits tax will cut into earnings heavily. However, reasonable expectations are that net profits for 1940 will be in excess of those reported in 1939, namely, $1.28 a share.

On Capacity Basis

Operations at the Sydney steel and other plants of the company have been on a capacity basis for months.

In the last six months productive facilities have been stepped up and the physical volume of iron and steel output for 1940 will be much greater than in 1939.

Coming into the current year all facilities of the company were working full out. Toward the end of the first quarter three new open hearth furnaces were brought into operation at Sydney, increasing annual capacity from 400,000 to 600,000 tons.

Allowing for time taken to bring the new facilities into use it is esti-

(Continued on page 2, col. 7)

Seek to Block Tax Evasion

Ontario Probes Transfers of Head Offices From Larger Cities

The Ontario Government is moving to curb evasion of municipal corporation income taxes in the province, by moving head offices of mining and industrial companies from some of the larger centres to smaller ones that do not levy or collect the tax.

The Provincial Assessment Act makes the tax virtually mandatory on all municipalities, providing that it "shall" be assessed and collected. Most urban centres, including the larger cities such as Toronto and Ottawa, have done so for years. But the requirement for the levy has been ignored, either deliberately or through oversight, by many of the villages and townships and by a group of cities and towns including Woodstock; Guelph, Stratford, Chatham, St. Thomas, North Bay and Cornwall.

When the province took over the personal income tax from the municipalities a few years ago, municipal power to collect income taxes from corporations was continued. Because of the loss of the personal income tax revenue, some municipalities hitherto indifferent to the corporation income tax began to make efforts to collect it, and others became more diligent in seeking revenue from this source.

Migration Started

This in turn resulted in a tendency for industrial and holding companies to migrate from taxing

(Continued on page 2, col. 2)

The War And Business . . A Weekly Round-up

Supply Boss

Inside the Department of Munitions and Supply there is increasing restiveness among the top-flight "$1-a-year" men. The organization and structure of the department bear little resemblance to any business setup they have ever experienced.

"If businessmen are to be invited to do a business job, why not set up a business organization to do it?" they ask.

The different men have plenty of responsibility. The Minister does not interfere. He gives a man a job to do and lets him do it. Moreover he has selected many able men to work under him. All that is to the good.

What threatens to lead the Supply job into boggy ground is the lack of co-ordination of the work of the different men. Each one does his own job without knowing just where it fits in the broad scheme of war supply.

Moreover, the man who places a contract has not the full power and responsibility to see that its fulfillment does not fail because of shortage of men, materials, machinery, power or some other factor.

* * *

Most of the men placing war orders at Ottawa agree in their admiration and respect for their hard-working Minister. They agree that his weaknesses are merely a "slop-over of his strengths," such as a casualness about millions, a tendency to give someone an order to place and then speak of the goods as already delivered.

But not many of the Department's big men think that any man—be he Mr. Howe or someone else—should attempt to be the policy-making Minister and the war supply executive, getting the job done.

They see trouble ahead—probably only six months ahead—as bottlenecks show up, and production of vital materials supplies slows down for lack of some missing element.

They think the department needs a fulltime "gang boss," directing the whole job and responsible to the Minister for results.

* * *

Saving Is Vital

Ottawa has re-launched the War Savings Certificate campaign. This is its third launching. The Government hopes the ship will stay in the water and show some speed this time.

Success of this campaign is vital to the war effort. Its chief job is not to raise money as such, but to channel back into the treasury some of the increased civilian buying power that would lead us into inflation if the public spent it all on personal requirements.

Among the rank and file of Canadians, even among the average business executive, there is still little realization of the vital importance of saving in the war effort. And the Government has so far done the very minimum to make the people understand.

* * *

Telling Uncle Sam

This column has more than once told of coming restrictions on imports that use up our all-too-small supply of American dollars. In Canada, because of our large productive facilities we can produce both guns and butter; but can we import both planes and grapefruit? The mythical bookkeeper who keeps our dollar accounts with the United States says "No."

And so this week our news columns forecast very early action to curtail imports in two fields—fruits and vegetables, and specialty products.

* * *

On Monday Uncle Sam's Minister Moffat told a Toronto audience of the manner in which the U. S. had accepted necessary wartime modifications by Canada of the trade relations of the two countries. The reciprocity agreement has a clause permitting one side, if it were involved in "hostilities or war," to vary the terms of the agreement with the consent of the other party. To Canada's suggestions in respect to the war exchange tax, Washington agreed.

Mr. Moffat did not say that the United States would always countersign any proposal brought forward by Canada. And indeed other reports from Washington indicate that officials there are apprehensive of trouble over future import restrictions that Canada may have to introduce. Certain well-organized agrarian and trade groups may go "gunning" for Canada, it is suggested.

* * *

All of which points to the necessity of precise explanation by Canada of the facts of why it is so vital for us to conserve American dollars:

1. The first reason we are running behind in our accounts with the U. S. is that we are importing more American goods than at any time for many years. For every dollar of "non-essential" imports we cut off, we are spending at least $10 in the U. S. for vitally needed machinery, steel, metals, airplanes, etc.

We're buying more, not less; all that is changed is the distribution of the spending.

2. We could meet the bills if we wanted to by making Britain hand over gold or American dollars for her net balance to us. But we cannot ask Britain to do that when her mothers and babies, as well as her soldiers, are fighting to keep the foe from the American and Canadian seaboard.

3. We could meet the bills, too, if the United States were to permit Americans to buy Canadian Government bonds. But the Neutrality Act guillotined the normal investment traffic of these two countries.

* * *

New Tax Deal

In respect to new taxation and other measures of war finance, all is silence in Ottawa. But behind the facades of public buildings a lot is happening.

Last week's issue of The Financial Post showed what the problem is and what measures are being discussed for its solution.

The problem: Total Dominion financial needs of between $2.100 and $2,750 millions for the year beginning April 1, next;

Difficulty of raising so much money without trespassing upon provincial revenue sources;

Difficulty, too, in curtailing imports of gasoline (to save American exchange) without hitting provincial tax revenues a body blow.

Proposed Solution: To implement the Rowell-Sirois report as a war measure.

Fantastic as some of that sounds, it should not be ignored.

* * *

Hepburn Key Man

Implementing the Rowell-Sirois report would require the friendly co-operation—in the interests of victory in this war—from the several provincial premiers. Some of them are already on record—in favor. Some are on the fence. One or two are not on record at all.

In the ultimate analysis the key-man, provincially, is Premier Hepburn of Ontario. If the Minister of Finance discussed Rowell-Sirois report with Mr. Hepburn during their recent conversation—and the evidence seems clear that this was on the agenda of Mr. Ilsley's "purely informal and personal" call—then Ontario's premier knows what is in the wind. So far he has said nothing publicly, which is promising.

Ontario's premier would give his right arm for a victory in this war. If he felt that the Rowell-Sirois recommendations would help Canada win the war he would support them unreservedly. But some of his recent utterances seem to suggest that he feels there is an easier escape from war taxation and war borrowing. His remarks have been cryptic, but a few more speeches from Mr. Hepburn on finance will get him pigeon-holed as a rubber money man.

Make Sure You See—

How War Taxes Communications
Communications Meet War Test—p. 13.

Canada's State Employees Multiply
Swollen Civil Service Permanent—p. 24.

Better Markets Help Mine Financing
Holding Company Assets—p. 23.

Tax Exemptions Burden Industry
Tax-Free Utilities—p. 11.

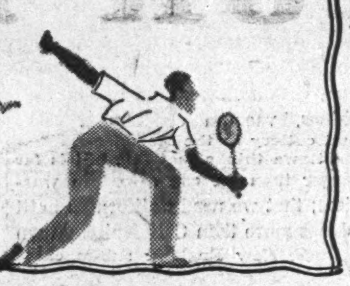
Canada Finds New War Markets
Ready-Made Export Marts—p. 3.

Here's the outfit worn for active play ... by beginner and expert alike ... by men who take the sport seriously and play a good hard game! Compare your present outfit with the items shown on this page so that you'll be able to make up the deficiencies for this Fall and Winter's play. Or — if you're just taking up the game, you'll be glad to know that you can purchase all the necessary items of apparel for as little as $20.00!

Cream Flannel Trousers.. $5.95
Or White Drill Shorts $2.25
Jack Purcell Badminton Shoes
Oxfords $2.95
Boots $3.25
MAIN STORE — SECOND FLOOR

"Eatonia" English Cotton Broadcloth Shirts $2.00
Or Forsyth Cotton Broadcloth Badminton Shirt $2.50
Cable Stitch Knitted Wool Sleeveless Pullover ... $2.95

Fleeced Lined Sweat Shirt $1.00
Eatonia "Cumfo-Crotch" Cotton Brevets ... 59c
Or Cotton "Sport Shorts" with built-in elastic support ... 75c
"Happy Foot" All Wool Sport Sockees with special Cushion Sole, pr. ... 75c
MAIN STORE — MAIN FLOOR



THE T. EATON Co LIMITED
TORONTO CANADA

C.N.R. Refunds Sterling Issue

Borrow $131 Millions in Move to Create British "Credits"

From Our Own Correspondent

MONTREAL. — Arrangements have been made whereby Canadian National Railways will purchase all outstanding Grand Trunk 4% sterling perpetual consolidated debenture stock.

Temporary loans have been obtained from the Dominion Government and the whole issue—£24,634,455 or more than $109 millions in Canadian funds — at current exchange rate—will be turned over by the British Treasury.

The British Treasury has requested delivery of certain Canadian securities held by residents of the United Kingdom. The most important issue affected is the Grand Trunk perpetual debenture stock.

Payment of interest is unconditionally guaranteed by the Canadian Government.

No Public Financing

Announcement of the arrangements made to take over the Grand Trunk stock was made by Finance Minister Illsley, who added "the transaction will not give rise to any public financing at this time."

The vesting order issued in London also covers relatively small British holdings of certain issues of the Canadian National Railways and a list of miscellaneous stocks. The latter will be realized in the Canadian market by the British Treasury.

The Nation's Business

(Continued from page 1)

power could be secured at the rate of 30,000 h.p.

"While other sections, in Canada, have to build factories, tool them up, pray for labor and make treaties with the U.S.A. to get power, our own buildings, machinery, power and men have to remain idle, and the Government will have to increase its relief rolls.

"Moreover, the Quebec Provincial Government is charging, but not collecting, a sizeable amount for the amortization of the dam which regulates the flow of the Chicoutimi River which supplies the above mentioned power.

"Local civic organizations have made continuous efforts to find a solution to the problem; they have drawn the attention of the Provincial and Federal Governments to the possibilities provided by the site, the power and the labor supply; to date only vague promises and evasive answers have been given.

"Surely, in the present emergency it is a crime to let all this go to waste?"

What does Hon. C. D. Howe say to this?

Has the Department of Munitions and Supply been remiss in utilizing existing plant and facilities?

Have new plant and equipment been built when existing machines and buildings are still lying idle?

• • •

Permitting Competition To Function

The recent procedure whereby coal prices at Fort William and Port Arthur were lowered and a price agreement between dealers was completely abandoned should not go unnoticed.

What happened was that J. McG. Stewart, coal administrator for the Wartime Prices and Trade Board, investigated a complaint from that area and found (in his view) that prices of several types of coal were excessive. He also found that prices appeared to result from collusion on the part of dealers.

Mr. Stewart declined to use his authority to fix prices or to suggest what a "fair price" would be. Instead, the matter was turned over to Fred A. McGregor in his capacity as Combines Investigation Commissioner. Mr. McGregor was asked to investigate the alleged combine. He found evidence of collusion in fixing prices. The dealers decided immediately to abandon their price arrangements, thus restoring the trade to a competitive basis.

As a result, normal competition was restored in that area without the arbitrary fixing of prices or price spreads.

Had the Board used its powers to fix prices there is no doubt that demand would have arisen to follow the same policy in other areas and in other commodities. This the Board has wisely and consistently refused to do unless no other alternative was available.

Coal consumers at the twin cities are now getting their coal considerably cheaper than might have been the case had prices been fixed arbitrarily by the board. At the same time consumers in all parts of Canada have assurance that they will not be subjected to a complex bureaucratic regimentation every time normal competitive conditions cease to function.

Investors' Index

NOVEMBER 2, 1940

Aluminium	12	Int. Pap. & Pwr.	8
Bathurst Pap.	20	Laura Secord 4,	10
Bell Telephone	4	Loblaw Groc.	24
Brompton Pulp.	8	MacKinnon Stl.	10
Burns & Co.	9	Maple L. Mill. 9,	21
Can. Nor. Power	9	National Biscuit	5
Can. Steamship.	4	N. Bawlf Grain	21
Canada Wire	22	Noorduyn	22
Can. Vickers	22	Ont. Steel Prod.	22
Capital Trust	22	Orange Crush.	4
Dosco	1	Pacific Coyle	11
East Koot. Pow.	4	Powell River Co.	8
Ford of Canada	4	Saguenay Pwr.	11
Fraser Cos.	8	St. Law. Pap. M.	22
Gen. Stl. Wares	7	St. Maurice P.	22
Goodyear Tire	9	Secs. Holding	10
Goold, Shapley	9	Sterling Coal	9
G. Brit. & Can.	9	Trans-Can. Air.	11
Grt. Lakes Pap.	8	U.-Cigar Whelan	11
Guelph Carpet	4	United Corp.	9
Hermes Bldg.	5	Un. Grain Gr. 11,	21
Imperial Oil	4	Univers. Tower	5
Imp. Tobacco	4	White Val. Ch.	8

MINES AND OILSS

Acme Gas & Oil	22	Matach. Consol.	23
Anglo-Huronian	23	McKenzie R. L.	22
Arntfield	23	Mining Corp.	23
Base Metals	23	Mobirk Beryl.	23
Can. Malartic	23	Nat. Malartic.	22
Castle Trethew.	23	Noranda Mines	23
Central Man.	23	Normetal	21
Chesterville.	22	North. Canada	23
Cons. Smelters.	23	Siscoe	23
Duquesne	23	Stadacona	23
East Malartic.	22	Texas Canadian	22
Gunnar Gold	20	Toburn	2
Home	22	Towagamac Ex.	23
Homestead Oil	23	Trans. Resources	23
Howe Sound	23	Upper Canada	23
Hydro Carbons	23	Ventures	23
Int. Mng. Corp.	23	Vermilata	22
Jason	23	Waite	22

REGULAR FEATURES

Banking 11
Bond Markets 5
Bond Quotations 20
Business, Week in 7
Commodities 22
Company Reports 10
Editorial 6
Foreign Exchange 2
Insurance:
Fire and Casualty 10
Life 10
Investment Trends 4
Investment Enquiries 9
Market Opinions 4
Stock Quotations 20
Mining, Week in 22
Mining Enquiries 23
Stock Quotations 20
Municipal Finances 9
Oils, Week in 22
Stock Quotations 20
Pulp and Paper 8
Wheat Week in 21
Grain Quotations 21

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Roosevelt to Speed Plans

(Continued from page 1)

be expected to do two things promptly. First, he will probably insist on the repeal of the Neutrality Act, or certainly on the cash-and-carry provisions. Secondly, he is likely to ask also for the repeal of the Johnson Act, which would mean credit grants to Britain.

The two moves would dovetail into each other. They would be designed, of course, to transmute the benevolent neutrality of the United States into a more aggressive helpfulness. Of course, financial help to Britain is one of the most important measures "short of war."

If re-elected, Roosevelt will intensify his defense of the Hemisphere. He will be certain not to permit use by the Germans of any of the French territory in this part of the world. He may even go so far as to undertake a friendly occupation of French bases.

Also, if re-elected, Roosevelt will place further emphasis on western hemispherical self-sufficiency in the economic field. This would mean closer and closer co-operation with Canada and their virtual economic oneness.

English Speaking Union?

It is not indicated that Roosevelt is as yet committed to the idea of a great English-speaking federation, a union of the British and American nations, nor is it conceivable that he could bring any such thing about without the active sanction of Congress. There are some limits even to his present vast authority.

Roosevelt, would probably cling theoretically to the Hull trade programme, but it would be largely an academic allegiance and would not have much present meaning. The United States is already almost completely shut off from European markets, except for shipments to England, which are mostly munitions, and trade relations with the Orient are not at all satisfactory, due to the quarrel with Japan. The export field for American peacetime industry is rather narrow. To expand it requires an enormous investment of American money in the other American Republics. Even so, it will require time to build these markets up to the point where they will be at all compensatory.

Roosevelt and Gold

Roosevelt, if re-elected, will not be likely to meddle much with gold. He will certainly not stop buying it at a time when it is one of the chief financial resources of the British. Neither would he be likely to lower the price. He would not hesitate to raise the price, should this device promise to be helpful in opposing the Nazis.

Nobody can say with truth that Roosevelt would take America into the war or keep her out. It has long been the conviction of the Roosevelt Administration that the decision is not in Washington's hands. Developments would be decisive. Any one of a thousand things may happen that would literally drive the United States openly into the conflict. The chances are, of course, that some one of these thousand things will occur.

A Different Roosevelt Now

The Roosevelt of today is quite a different person from the Roosevelt of 1933. Then, he was saturated with the idealism of reform, and he did not care how much money he had to spend to achieve it. His experiments ranged all over the economy and often they were contradictory. Those objectives have long since become of minor importance. Now, he has only one purpose, and that is an all-consuming desire to beat back the dictators, to overwhelm their philosophies and to engulf them beyond any hope of survival. To do this would necessitate such a vast expenditure on armament and such a complete mobilization of the nation's resources that problems such as unemployment would melt away.

After the war boom? Well, nobody can look that far ahead and probably Roosevelt is not letting it worry him very much. The big job is the immediate job, and there is no use tackling other problems before they arise. This does not mean, of course, that his experts are not giving proper attention to the post-war period. They are suggesting all sorts of precautionary measures, but the point is that Roosevelt will not sacrifice the war effort in any important particular in order to safeguard the situation after the war.

Willkie and the War

The objectives of Willkie are not far different from those of Roosevelt. Willkie also sees Britain as fighting the battle for free institutions. Willkie also sees the necessity of a specialized trade programme, virtually controlled as to both exports and imports, until the world is again safely organized for peace. Willkie is committed to much of the social programme of Roosevelt.

But there are many roads to Rome. The great and highly important difference between Willkie and Roosevelt is an attitude of mind. It is not sufficient to accept too fully the dictum of the publicity men that Willkie is for business and Roosevelt against it. The difference goes much deeper than that. Perhaps it would be correct to say that Willkie believes profit to be an incentive of the highest importance in an industrial civilization, and that Roosevelt regards profit as an important, but minor, influence. Willkie believes that private management is, on the average, far more efficient than government management, and that the savings of the public could be far more efficiently employed in private investment than in loans to the Government.

Willkie, it may be said, still thinks that the job is better than the dole, and that there is a choice.

Experience Behind Willkie

Willkie may be inexperienced in international affairs, but there are plenty of men supporting him who are not inexperienced. He could bring about him men who could conduct the foreign office efficiently and he would not try to do everything himself. If Willkie is elected, it would seem altogether probable that the defense effort would be far more efficient than it is now. Industry would be more happy in co-operating with Willkie. It would expect, and probably get, more sympathetic treatment from his hands. Willkie would think production—maximum production — more important than squabbles over a percentage point. He would probably favor a tax programme which would be more acceptable to business than any that Roosevelt would sanction.

There would be an interregnum, of course, but there is no good reason to think that the Roosevelt Defense programme would be any less energetic over the several weeks prior to his retirement than it would be otherwise. True, Roosevelt would, in such circumstances, probably not institute those changes in defense organization that he obviously has been withholding until after the election. On the other hand, Willkie would need the two months before inauguration to get his own organization and plans on blueprints.

Peace Proposals

Willkie, while hating the dictatorships quite as much as Roosevelt does, would probably be more ready than Roosevelt to make a peace. This does not imply in any way that Willkie is an appeaser. On the other hand, Roosevelt is something of a romanticist, even a sentimentalist, while Willkie has been through the give-and-take of industrial conflict. He realizes, as most business men do, that the hated enemies of the one year may be the co-operating friend of the next. Thus, Willkie has welcomed the support of John L. Lewis, the C.I.O. leader, than whom in recent years no citizen has been more detested by most of the elements that are supporting Willkie.

But, if Willkie, in collaboration with the British, were feeling out a peace situation, it could be accepted that he would acquiesce in no peace that was not a good one for the free economies. He knows how to bargain, and he would not be fooled into countenancing a peace that was in reality merely a truce that would be used by the dictators to consolidate their positions.

It is only fair to say that peace manoeuvers are always going on behind the scenes. This is natural enough because so many people of property, and others, view it as stark tragedy that the chief exponents of western civilization should be at each others throats, destroying their cherished landmarks, weakening one another, and putting capitalism in a position from which, even now, it will find extreme difficulty in extricating itself. Negotiations of this sort have been under way within the last few weeks, secretly. There is nothing to indicate that the Roosevelt Administration has given them any acceptance, nor that Willkie would seriously consider them.

Hope of Free Peoples

However, some time during the next four years, the President elected Nov. 5 will have to make a great decision on this point of peace. The man in the White House during those four years will carry on his shoulders the hopes of free people everywhere. He will have to determine how far dictatorial methods will have to be employed temporarily in the United States; how the enormous gold holdings of the nation shall be utilized, in war and in peace; what form the economies in the new era will take; what should be the methods of co-operation to be employed among the free peoples if they are victorious or how the safeguarding is to be effectuated if they do not win.

Probably Willkie himself has not decided what his gold policy will be. Many of the group close to him have advocated that gold be put back into circulation. No one of them has responsibly urged that the price of gold be lowered. The chances are that Willkie will do nothing at all about the gold question until he has been many months in office. He would not want to be experimenting very much over a period where his chief policy would necessarily be the efficient mobilization of all industrial and other resources for the protection of America by aid to Britain.

Willkie is a practical man, whereas Roosevelt is inclined to be visionary. Airplanes on order, for instance, would not convince Willkie that he had enjoyed a fine dinner. He would be hungry until he had them in hand.

No Solace for Dictators

Willkie, if elected, would hardly be so enthusiastic as Roosevelt is about development of power on the St. Lawrence. Otherwise, he would be quite as friendly to Canada as Roosevelt is.

If Willkie is elected, business interests will take it as a "go" sign and will interpret it to mean that there will be four years of relative discipline, that there will be no sitdown strikes or extreme labor practices, that reasonable profits will be encouraged, that private investment will be stimulated and that reform will be kept in the background over a period during which the economy can digest the experiments of the past seven years while engaged also in a defense programme of vast size.

In any event, whether it be Roosevelt or Willkie, aid to Britain in defense of what most Americans now believe to be their own vital interests, will be progressively enlarged. Whatever the result, there will be no solace in it for the Axis.

Non-war Imports May be Curbed

(Continued from page 1)

shipping arrangements so that all of our bananas will come direct from the West Indies.

Price Control Problem

Authorities see no particular difficulty in restricting imports to any desired percentage, but price control over what produce is let in is another matter. Normally if the country is to get along with 50 or 75% less oranges, then the 50 or 25% remaining would command greatly enhanced prices. There would be keen bidding and in the bidding some of the population would come off second best. Some sort of strict rationing, it is believed, is being considered.

Question of Health

From a health standpoint, The Post is assured, there would be no great danger. The authorities, it is understood, are convinced that with a limited supply of citrus fruits, plus much freer consumption of Canadian grown produce such as tomatoes, there should be no risk. Tomato juice, it is stated, contains exactly the same vitamin as is found is orange juice. With vegetables the same claims are advanced. Largely from Canada itself, there is sufficient alternative produce to permit us to reduce American imports with perfect safety.

Authorities claim that the import revision contemplated involves at most only a slight change in eating habits, not a curtailment. Tomato juice would replace some of the orange juice on the morning breakfast tables, Canadian vegetables would be used from storage longer. Luxuries like fresh strawberries, lettuce and new potatoes in wintertime will become rarer.

Ottawa is certain that the average Canadian has no idea what big bills are run up for early, out of season vegetables; all of which are available a few weeks later out of Canadian gardens.

Million for Lettuce

Last year we imported almost a million dollars worth of American lettuce, three quarters of a million dollars worth of tomatoes, and over half a million dollars worth of celery. Even in Canadian farm garden staples like carrots, beans and cabbage we ran up a total bill of $900,000 and because we couldn't wait until Dominion Day when our own new potatoes would be ready, we imported $236,000 worth.

Restrictions on imports of household appliances would be merely an extension of the programme inaugurated last fall when the Government announced a new 10% general import tax. This levy apparently was not as effective as anticipated in stopping the drain on foreign exchange. Detailed figures of imports for the current year are not available, but The Post understands that there continues a heavy import of American refrigerators, sewing machines, electric appliances and gadgets of various kinds. It is believed that at least $5 millions of this trade could be diverted or postponed for the duration of the war, and the credit used to purchase war equipment not available here.

Appliances

Items mentioned as most likely to be affected with 1939 figures of imports from the United States are as follows:

	$
Refrigerators	223,000
Vacuum cleaners	349,000
Sewing machines & parts	750,000
Washing machines	635,000
Hollow ware, sauce pans, etc.	1,327,000
Hand tools	1,316,000
Sporting goods, toys, films, etc.	2,200,000
Hardware & cutlery	1,000,000

When the authorities recently decreed that no more aluminum could be spared for the manufacture of pots and pans some American firms offered to supply the Canadian retailer. Such a development, aside from its injury to Canadian manufacturers, would create a new drain on our American credit and a ban was promptly placed on aluminum imports. Undoubtedly as more Canadian manufacturing facilities are diverted to war work this tendency to buy affected lines from the United States will come in for further restriction, The Post understands.

Dosco Revenue Forges Ahead

(Continued from page 1)

mated that Dosco's steel output this year will be somewhere in the neighborhood of 550,000 tons — probably the largest output in the history of the company and its predecessors.

Cover Domestic Needs

While a goodly share of the current output is finding its way to the United Kingdom, domestic demands are being fully taken care of. The latter includes a wide variety of work covering ordinary domestic and wartime needs.

Pig iron output in the eight months ended Aug. 31 totalled 260,000 tons. This represented an increase of 68% over the 155,000 tons produced in the same period last year.

Add to Equipment

In addition to the heavy capital expenditures on increased facilities at Sydney in connection with the increased war effort being put forth by the iron and steel industry, Dosco also has spent heavily in making available other facilities.

Other Units Active

Outside of the Sydney steel area, the company is also operating full time. Halifax Shipyards, a wholly owned subsidiary has been operating night and day.

Canadian Bridge and other properties at Windsor, Ont., have been busily at work turning out a wide variety of products such as fencing, wire, etc. The same conditions prevail at Peck Rolling Mills and various other units owned by the company in central Canada areas.

Iron Ore Operations

Iron ore operations at Bell Island have been favorably affected by the increased scale of operations at Sydney. Increased quantities of ore have been shipped to that area.

The loss of the German market, which in peacetime accounted for a major share of the Bell Island output, has been made up by the demand from British mills. Shipments to the latter market have been limited only by the availability of shipping.

Indications are that the output at Bell Island this year will not show any falling off and will be close to last year's mark of 1,650,000 tons.

Coal Output High

Coal production and sales have been proceeding at a satisfactory pace. Production of Dominion Coal Co., subsidiary of Dosco, to the end of September was 3,720,773 tons. This compares with 3,243,831 tons in the like period last year.

TOBURN OUTPUT

Production of Toburn Gold Mines for Sept., 1940, amounted to $120,193 from milling 5,160 tons of ore for an average recovery of $23.29 per ton. In the previous month output was $119,181 from 5,225 tons of ore for an average recovery of $22.81 a ton.

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Obituaries

Irvine Dibblee, vice-president and secretary-treasurer the Dibblee Construction Co., of Montreal, aged 65, at Westmount, Que.

Robert B. Scott, former director of Ferguson Bros., cotton textile manufacturers of Carlisle, Eng., and latterly Canadian representative of the firm, aged 68, at Bronxville, New York.

J. W. Ackland, president, D. Ackland & Son., wholesale hardware merchants, Winnipeg, and former chairman prairie division Canadian Manufacturers' Association, aged 73, at Winnipeg.

Foreign Exchange

During the week Oct. 22 to Oct. 28 there was no change in the quotation to the United States dollar at Toronto and Montreal, which was $1.10 for buying and $1.11 for selling. The sterling rate likewise was unchanged at $4.43 buying and $4.47 selling. The rate is published daily by the Foreign Exchange Control Board.

Other Currencies, Oct. 28

Australia	3.58	N. Zealand	3.61
India	.3369	S. Africa	4.47
Japan	.2605	Hong Kong	.2591

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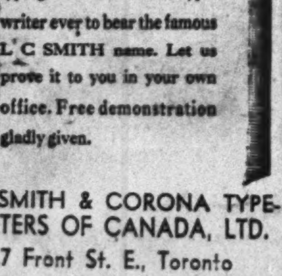

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Seek to Block Tax Evasion

(Continued from page 1)

centres to those where the tax was not levied. In most cases this was achieved by technical removal of head offices to the no-tax havens, though operations continued in the taxing cities.

The heaviest movement in recent years, and the one that has brought the situation to head by attracting provincial scrutiny, appears to have been to Woodstock, Ont. Some 30 or more companies have found sanctuary for their head offices in this centre, which does not levy corporation income tax. Official interest was precipitated into action by the recent move to transfer Teck Hughes Gold Mines head office from Toronto to Woodstock.

Hon. Eric Cross, Ontario Minister of Municipal Affairs, has launched an investigation into methods of corporation assessment in municipalities throughout the province. It is proposed to consider the possibility of legislation "to correct any injustices or inequalities which might exist under the present Act," according to Mr. Cross. Whether this means that some policing or other method will be taken to compel all centres to collect the tax, is not yet clear.

The situation also has come to the attention of Woodstock officials. The city council has appointed a committee to investigate it.

One building in Woodstock alone, Central Chambers, is said to list the head offices of 29 firms. A list of these follows:

Adamsville Securities Ltd.
Coolmine Securities Ltd.
Continental Utilities Ltd.
Daggett and Ramsdell Canada Ltd.
Dominion & Anglo Investment Corp.
Double A Securities Ltd.
First of Nassau Co.
Foreign Holding Co.
Foreign Securities Ltd.
Higher Hills Ltd.
Hudson Bay Mining & Smelting Co.
Huntington Securities Ltd.
Inglewood Securities Ltd.
Invincible Securities Ltd.
J. C. Gamble (Proprietaires) Ltd.
Kreutoll Realization Co.
Lake Securities Ltd.
Lunar Securities Ltd.
Mar Ltd.
Nordate Construction Co.
Occidental Realty Co.
Picton Securities Ltd.
Ronerk Co.
Sheldrake Securities Ltd.
Stanco Canada Ltd.
Standard Oil of Canada Ltd.
Strager Securities Ltd.
The American Metal Co. of Canada.
Warwick Investments Ltd.

SYLVANITE EXTRA

An extra dividend of 5 cents a share has been declared by Sylvanite Gold Mines along with the regular quarterly dividend of 5 cents a share. Both dividends are payable in United States funds on Dec. 28, 1940, to shareholders of record Nov. 6.

Ottawa Planning to Curb These Imports From U. S.

Anxious to preserve our precious store of American dollars for the purchase of key war materials, the Dominion Government is understood to be considering restrictions of non-war imports from the United States. Prominently mentioned are fruits and vegetables. Here are the 1939 figures of Canada's imports:

FRESH FRUITS	$
Total	13,808,000
From U. S.	11,639,000
From Empire	1,696,000
DRIED FRUIT	
Total	5,807,000
From U. S.	1,238,000
From Empire	3,370,000
PREPARED FRUIT	
Total	1,575,000
From U. S.	185,000
From Empire	919,000
FRUIT JUICES	
Total	738,000
From U. S.	490,000
From Empire	127,000

FRESH VEGETABLES	$
Total	5,338,000
From U. S.	4,506,000
From Empire	277,000
CANNED VEGETABLES	
Total	284,000
From U. S.	125,000
From Empire	6,000
TOTAL VEGETABLES	
Total	6,075,000
From U. S.	4,823,000
From Empire	539,000
TOTAL FRUITS	
Total	21,209,000
From U. S.	13,553,000
From Empire	6,100,000

Weekly Record of Financing in Canada

SALES BY MUNICIPALITIES, PROVINCIAL AND DOMINION GOVERNMENTS

	Date Issued	Sold to	Rate	Due	Amount	Price	Yield
Municipal—							
Salaberry de Valleyfield, P.Q.	Oct.	Bank. Canadienne Nationale	4%	1941-65	$68,000	99.53	....
Saint Michel de Roberval, P.Q.	Oct.	Montreal Syndicate	4%	1941-49	284,500	100	....
			4½%	1950-52	815,500		
Provincial—							
British Columbia	Oct.	A. E. Ames & Co., Mills, Spence & Co. and Syndicate	4%	1950	3,051,000	*99	4.125%
Ontario	Oct.	Wood, Gundy & Co. and Syndicate	3¼%	1950	10,000,000	*98¾	3.40%
			2%	1941-43	6,000,000	....	2.10%

*Offering price.

London Calling . . By Atticus

Reshuffle of British Cabinet Posts Puts Already Well-Known Men in New Jobs — Outstanding Personalities Are Sized Up by The Post's London Columnist

LONDON.—Sir Kingsley Wood moves up to the War Cabinet accompanied by what are sometimes known as "silent cheers." He used to be a darling of the public but now has less of the limelight. Fashions are never static in the world of politics.

The elevation of Mr. Ernest Bevin to the War Cabinet has been received with universal acclaim. It is proof of the setting aside of party prejudices that the Conservatives, who recognize in Mr. Bevin their most formidable political opponent in the coming years of peace, pay loyal tribute to his fine work in the war.

Another appointment widely approved is that of Sir Andrew Duncan as Minister of Supply. There is no showmanship about this kindly, soft-spoken Scot, no false glitter, no political opportunism. One feels instinctively that he is doing his job intelligently, vigorously, and fearlessly.

Mr. Herbert Morrison has received many tributes for his work as Minister of Supply, but it would be unwise to assume that he has held that prickly portfolio without enduring a goodly number of slings and arrows. There have been many murmurings of late, but whether they were justified or not, no one will deny that he has some special qualifications for the Home Office and Ministry of Security, where his special knowledge of London will prove invaluable.

And if he is in doubt about matters concerning A.R.P., he can always refer to the newly appointed Lord President of the Council, Sir John Anderson. Sir John has had as strenuous a time as any at the Home Office and has often been sharply criticized, but even the critics now say that he has done a difficult job well.

To the undersecretaries still deemed unready for promotion and to those back-benchers who are once more passed over I counsel patience and a philosophy of fatalism. Let them remember that Clémenceau was called at eighty to save France.

* * *

Gadget Lover

It is the custom of racing tipsters to call attention to their successes and, like Hamlet, to say, "The rest is silence." As a minor prophet I would like to recall that a few weeks ago in these notes I stated that Colonel Moore-Brabazon was almost over-ripe for office and that his recent brilliant speeches made it practically a certainty that Mr. Churchill would shortly include him in his Ministry. It has proved even so and he was made Minister of Transport in the recent Cabinet shuffle.

He should go far unless he becomes indifferent. Like most men gifted with language he is swayed by his own phrases and has a sardonic humor that does not spare even himself. As a champion of the Cresta Run, as the first Englishman to fly, and as a golfer who remains stubbornly at scratch while really playing to a five handicap, he possesses both dash and determination.

As an inventor he is as prolific as Heath Robinson and is apt at any moment to produce a gadget from his pocket to satisfy a demand that does not exist. He will love playing with real trains now, but we shall miss that ironic imagery with which he brought blushes to the faces rising from the Treasury Bench.

* * *

Gulliver Reith

His predecessor, Sir John Reith, continues on his Gulliver's travels and is now on his way to that distant land, the House of Lords, from whose bourne no traveller returns. There are times when even his Scottish equilibrium must be upset as he surveys his own recent career. The first few months of the war found him with practically nothing to do but to read books in his country home in Buckinghamshire. Every Scot longs for the leisure to read and is almost resentful when he achieves it.

Sir John was then made Minister of Information, and went there determined to organize it. What it really needed, of course, was a touch of inspiration, but the ex-chief of the B.B.C. has always pinned his faith to organization. Having gone from the B.B.C. to Airways and then to the Ministry of Information, he was found after the next shuffle at the Ministry of Transport. Perhaps he organized that too—I have no way of judging.

Now as Minister of Works and Public Buildings and First Commissioner of Works he is apparently going to rebuild parts of London and answer for his conduct in the House of Lords. To a man with a passion for organizing it would seem that this tall son of the manse will have plenty of opportunity in his new appointment.

* * *

Press vs. Radio

The relative values of the press and the radio as sources of news dissemination were interestingly demonstrated to me in the ancient city of York. The nation's business had taken me into the country, and on return to my hotel a citizen of obvious intelligence informed me that Cabinet changes had been announced on the radio. With ears eager for information I asked for details. "Well," he said, "Herbert Morrison is out of the Ministry of Supply and Kingsley Wood has been put into the War Cabinet."

I asked him what post Morrison had been given, but he could not remember. Two other citizens joined the conversation. One of them rather thought Sir John Anderson had taken Kingsley Wood's place at the Exchequer, while a third informed me that Lloyd George had gone into the War Cabinet. All three were perfectly accurate in saying that Sir Andrew Duncan had replaced Herbert Morrison at the Ministry of Supply. One gave me the exciting news that Sir John Reith had left the Ministry of Transport, but none knew where he was going or who was his successor.

I merely offer this as a contribution to the old discussion as to whether the written or spoken word is the more potent. All three of my informants were businessmen of some standing, but, despite the undoubted clarity of the B.B.C. announcer's diction, only a very incomplete impression of the Cabinet changes had remained in their minds. Which probably accounts for the fact that the next morning all newspapers had a particularly lively sale.

* * *

In the Shadows

It is not possible to witness the passing of Mr. Chamberlain without a stirring of emotions that run deep. Who can ever forget the spiritual exaltation of that day when, as war was almost upon us, it was announced that he would fly to Berchtesgaden? There was a grandeur about that decision that seemed to cleanse life of much that was cruel and debasing.

And if there were many among us who felt that Hitler himself might achieve a new decency from so magnanimous a gesture, are we to be condemned for believing, however mistakenly, that "goodness calls to goodness and that character begets character"? Then there was that fantastic Wednesday when at the end of Mr. Chamberlain's speech there came the invitation to Munich. Many who have since condemned were on their feet cheering and some were even weeping.

I salute as my former leader and as one who endured to the uttermost for peace the man who is departing to the political shadows.

* * *

Ruthless Streak

The appointment of Air Marshal Sir Charles Portal as the new Chief of the R.A.F. will be received with intense disfavor by the Germans, general enthusiasm by the R.A.F., and complete approval by his father. It is fitting that in a democratic service such as the R.A.F. the head of it should have risen from the ranks, for he enlisted as a dispatch rider in the last war.

The hierarchy of the R.A.F. includes a number of striking personalities, but the ultimate rise of Sir Charles Portal was foreseen by many shrewd judges. In fact it was even forecast in these notes in March, when I wrote:

> He is a forceful personality and his face is always expressive and arresting. There is more than a streak of ruthlessness in his nature, though he has suppressed it so far in this war. Now, they say, if he will let it emerge—not only against the enemy but against any inefficiency at home—he will rise still higher in the Service. He is an interesting and stirring study.

While the new appointment will be widely popular the nation will not forget the services of the man who has stepped down. Air Chief Marshal Sir Cyril Newall did little to popularize himself either with the public or the Air Force, but his high sense of duty, his tireless work at all hours, and his faith in the Air Force during the lean years have given him a high place in the country's esteem.

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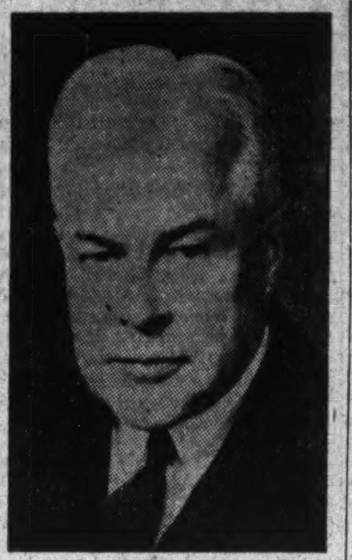


HEADS CAN. AIRWAYS

Sir Edward Beatty, chairman and president of the Canadian Pacific Railway Co., who has been elected president of Canadian Airways Ltd.

Flaxseed Production Far Below Demand

From Our Own Correspondent

WINNIPEG.—A flax report issued by the McCabe Grain Co. places the domestic consumption of flaxseed in Canada for the past year at 3,077,000 bushels or nearly 1 million bushels ahead of production. The following table is published:

Supply and Consumption of Flaxseed Products in Canada

	Bushels
Carryover, July 31, 1939	118,822
Canadian production, 1939-40 ..	2,169,000
Total Canadian supply	2,287,822
Carryover July 31, 1940	583,307
Domestic-supplied consumption	1,704,515
Add: Imports*	1,418,746
Deduct: Exports†	46,277
Apparent consumption	3,076,984

*Linseed oil, South American flaxseed.
†Linseed oil and flaxseed.

Ready-made Export Market

From Our Own Correspondent

OTTAWA.—The war has presented Canada and United States with a ready-made market in Latin America and the West Indies. Formerly this vast territory depended largely on Europe for its wide import demands. Now, with the exception of Great Britain, trade lines in that direction are almost completely severed.

Already since the war Canadian exports south have increased more than 50% and with many countries they have doubled. And trade authorities at Ottawa believe that this gain could be continued almost indefinitely if we were willing and able to supply the goods wanted.

Generally speaking Latin America is interested in;

1. Very cheap manufactured goods.
2. Household and farm equipment, autos, etc.
3. Machinery and other products of heavy industry.
4. Forest products.
5. Canned or cured vegetables, fruits, fish, etc.

Normally the cheap goods are largely obtained from Germany, Czecho-Slovakia and Japan. Most of this trade, of course, is now cut off and South America and the West Indies are looking to United States and Canada. Goods from the latter countries are more expensive than those obtained from Europe. But these goods are also admittedly better.

Trade authorities here report that the South Americans have not been slow to appreciate the difference and there is some reason to hope that a fair portion of this trade can be held permanently.

A very wide range of goods comes in this category. It includes boots and shoes, hardware, cutlery, toys, trinkets, glass and earthenware, ready-made textile products, rubber goods, toilet accessories, etc.

In supplying household and farm equipment and automobiles before the war, Germany was also a serious competitor but by no means monopolized the market. Britain, Canada and the United States were interested, too. Authorities look for substantial gains here, provided the goods can be manufactured and shipped. Such things as stoves, furniture, musical instruments, refrigerators, farm implements, tractors, cars, etc. are major items.

Latin America Wants Our Goods

Canadian exports to South America and the West Indies have shown the following sharp increases since the beginning of the war:

From Canada to-

	Year ended September 1939	1940
Argentina .	$ 3,719,855	$ 6,417,016
Brazil	3,229,213	4,795,892
Chile	872,898	1,509,718
Colombia ..	1,840,777	1,827,211
Peru	1,111,602	1,733,778
Uruguay ..	136,818	538,688
Venezuela .	1,610,647	2,047,763
Bermuda ..	1,458,623	1,563,556
Br. Guiana .	1,403,193	2,396,776
Br. W. Indies, Other	5,926,957	9,534,169
Cuba	1,438,737	2,013,691
Mexico	2,672,266	4,017,606
Panama ...	257,814	491,218
Total	$25,679,400	$38,941,082

Heavy Goods

Major exporter of machinery and other products of heavy industry, generators, steel rails, railway equipment, boats, engines, etc. to South America is Great Britain and despite the war, every effort is being maintained to continue this trade. The United States is also interested. Before the war Germany was cutting in heavily. Because of competition, shipping difficulties and distance from market, no great hopes are entertained at Ottawa for getting far in this field.

Lumber and Paper

In forest products, lumber, plywood, wall board, paper, pulp, etc., Canada is already a major exporter to South America. Competitors were the Scandinavian countries, now faced with extreme shipping difficulties. Canada is gaining in this export and will continue to do so, in the general opinion.

Special Food Market

In the food line Canada is also expected to gain. In the hot climate of South America and the West Indies, naturally there is a huge market for preserved foods but due to the low standard of living for most of the people, prices must be cheap. Normally huge quantities of dried and canned fish were imported from Scandinavian countries but war has seriously dislocated this trade and our own Maritime Provinces and Newfoundland are taking over. In canned fruits and vegetables Canadian processors face stiff competition from American firms, but progress is reported.

Face Difficulties

While undoubtedly South America and the Indies are an already developed market, clamoring for goods, selling them is not just a case of readdressing packages for Canadian manufacturers and processors. There are several difficulties, major ones being the following:

1. Lack of plant capacity due to war work.
2. Lack of shipping facilities.
3. Lack of permanent markets.
4. Exchange difficulties.

The first of these difficulties is probably the most serious. There are few if any idle industrial plants in Canada today and many if not most of them are already working overtime on war orders.

With some countries in South America there is no direct boat connection from Canada. Goods would have to go via New York. The West Indies, however, are in another category.

There appear to be conflicting opinions as to whether new trade in South America can be held in the face of renewed European competition after the war. Most trade authorities believe that there is bound to be some gain. They state that all trade must start somewhere and the war is giving us a chance to start. They say that too many Canadian manufacturers follow a "don't give a hoot" attitude in regard to new markets. Manufacturers on the other hand say they have had previous and costly experience in trying to horn in on South American trade, only to lose it when the flood of cheap European goods commenced again.

Exchange Problems

Exchange difficulties are admittedly serious but there are some advantages too, Ottawa points out. With certain Empire areas like the West Indies, for example, trade is actually being thrown to Canada on account of exchange differences Formerly these possessions bought largely in the United States. But their money is now greatly depreciated in terms of U. S. dollars. Indeed to conserve exchange for vital war purposes, some of the West Indies are not permitted now to make ordinary purchases in the United States; the trade has been deliberately diverted elsewhere, some to Canada.

There has been no compulsory diversion, of course, by the independent republics of South America but even there we have at least a 10% advantage over the Americans, due to the relative cheapness of our money.

The weakness of some South American exchange, of course, works the other way. Many of these countries have been depending on Continental Europe to take the large exports of limited variety—such commodities as coffee, corn, wheat, beef, hides, sugar, bananas and oil. Now they must depend largely on Great Britain, United States and Canada, and unfortunately in this case we have also export surpluses in some of these lines.

The Post-Bag

This is "War"

When R. A. C. Henry, economic adviser to the Department of Munitions and Supply, decided to motor up to the Laurentians the other day for a spot of dinner, he did not take His Majesty's armed forces into consideration. The day before it had been announced that certain roads in the area north of the Ottawa River between Ottawa and Montreal would be closed to the public because of motorized manoeuvres.

Mr. Henry's trip was uneventful until he arrived at a point on a small side road where he ran into the middle of the "invading army." Asked what he was doing there and not being able to give a satisfactory answer, he was told to get his car off the road. There was no place for him to turn out. That presented no difficulty to Canada's mechanized forces. In a few minutes part of a fence was torn down and Mr. Henry's car was gently but firmly placed in a field where it stayed until the manoeuvres were over.

* * *

Election Forecast

Next Tuesday is the U.S. presidential election. Latest Gallup poll (scientific straw ballot) shows Roosevelt leading by the barest of margins. In recent days, he has lost ground as Willkie has regained some of his strength of last summer. It is one of the closest fights in history.

Professor Crum, Harvard statistician, has analyzed the Gallup polls and concluded that, while they show Roosevelt leading, there is in them a sufficient margin of error to permit a forecast of 300 electoral seats (more than enough to elect) for Willkie.

So the campaign closes with the candidates neck-and-neck but with the President getting all the international news breaks.

* * *

New Habits

Britains are learning new habits. Here are some listed by a little Ministry of Information news bulletin:

"Sleeping at odd times and in strange places; getting off to sleep in a few minutes after some disturbance.

"Getting through office work quickly in order to get home before darkness falls.

"Using weekends for useful war work, such as 'digging for victory,' instead of golf or walking or cycling or whatever it might be."

"Making good meals with the least cooking."

"Having emergency means of light and heat handy."

* * *

Cost of Living

Government indices say the cost of living has gone up only 6% since beginning of the war. The food index, included in the above, has also risen six points.

We have discussed the cost of living with a number of our women friends—heads of households. We cannot find one who will agree that their household food bills have increased only 6% as a result of the war.

* * *

Price Increase

We dropped in to our favorite candy shop last week end to buy a two-pound family box. The girl handed us, in addition to our purchases, an extra box of candy. She explained that with every purchase of a pound of candy this week end the shop was giving an extra half pound of one of the company's favorite candies.

Pleased, we walked out of the store. Then it dawned on us that we had paid $1.20 for the candies; the price used to be only 50 cents a pound. A week before we would have paid only $1 for the two pound box.

Was it just a subtle—and in our case effective—way of introducing a price increase? We could hardly object; we had really paid less per pound than before. And next weekend we shall be accepting 60 cents as the regular price, forgetting we ever bought those candies at 50 cents a pound.

* * *

Border Problems

Canadians who live in border towns like Fort Erie, Niagara Falls and Windsor are badly hit by Foreign Exchange Control. They have been accustomed to running across the river to dance and dine, to make minor purchases or go to a show. Now they cannot do that. They may cross for business purposes. But if they cross for "social" reasons they are not allowed to take over any U. S. currency. They are permitted to carry $5 of Canadian money with them. They must not spend this except in emergencies. It is illegal to sell it in the States or use it to buy a package of cigarettes, go to a movie or even to buy a street car ticket.

Border residents have become objects of the charity of their friends across the line. But border merchants, restaurants and theatres on the Canadian side are in clover. They get all the business now.

* * *

Promise vs. Record

From 1789, when George Washington became president of the United States, to 1917, when the U.S. entered World War 1, the Federal Government spent $28 billions.

From 1917 to 1920, expenditures were $37 billions.

From 1920 to 1933, they were $53 billions.

Then came F.D.R. and the New Deal. His 8-year record is $66 billions.

F.D.R. are the initials of the man who said in the 1932 election campaign:

"I ask you very simply to assign to me the task of reducing the annual operating expenses of your government."

New Books

Almanac of People

NATIONAL REFERENCE BOOK ON CANADIAN MEN AND WOMEN. Sixth edition. Published by Canadian Newspaper Service Reg'd., 484 McGill St., Montreal.

The latest edition of the National Reference Book offers detailed biographical data on a considerable range of individuals, both men and women, and covers an exceptional variety of businesses, professions and other walks of life. The information given is set forth in considerably more detail and with little of the statistical condensation which features most other reference books of biography.

The volume is several inches thick, and quick location of particular names is facilitated by alphabetical arrangement. Supplementing the biographies is a variety of other reference material, including data on Canada and the provinces, educational institutions, organizations, and a selective directory of financial, industrial, commercial and mining concerns.

The book would be improved by a table of contents to aid in finding the various reference sections.

Income Tax

THE DOMINION OF CANADA INCOME WAR TAX ACT—Including Excess Profits Tax and Other Related Measures. 1940 edition. Published by The Kingsland Co., Montreal and Toronto. Price $1.25.

The latest edition of this publication contains the full text of the Dominion Income War Tax Act with all amendments including those passed at the 1940 session of Parliament. It also contains the National Defense Tax regulations and Excess Profits Tax.

Announcing the

Bigger, More Beautiful

MERCURY 8 FOR 1941

with no increase in price!*

NEWLY STYLED! Here's a BIG car that *looks* like a big car! Swift, air-cleaving streamlines add to the beauty of length and size! The masterful sweep of the Mercury's grille and hood make it stand out for *style*, as it stands out for performance and economy. And there's a wide choice of bright, new colours!

BIGGER THAN EVER! Always a big car, the Mercury for '41 is longer in wheelbase and interior dimensions, achieving a spaciousness you'd never expect in this price class! You'll like the wide doors, from floor to roof.

IMPROVED PERFORMANCE! New gear ratios in low and second make the Mercury 8 even more notable for flashing acceleration in '41! And the sensational story of Mercury economy—with owners reporting *20 to 25 miles per gallon*—is still big news!

SMOOTHER RIDE! New soft springs, larger tires, a perfected stabilizer and resilient seat cushions of foam rubber make the '41 Mercury ride a new adventure in smooth, level, luxurious comfort—with even greater quiet, achieved through new engine and body mountings!

BETTER VISION! For '41, Mercury windows have grown to "show-window" proportions, for better, safer vision. You'll miss little, if any, scenery when you're cruising in this "luxury eight!"

GREATER VALUE! Compare the new Mercury with other cars in its field—compare their price tags with the low Mercury prices for 1941. You'll find that *feature for feature—dollar for dollar* the Mercury offers *unequalled value!*

*Prices at factory remain unchanged. In some localities, delivered prices are increased approximately 1% due to higher freight costs.

MERCURY ECONOMY IS 3-WAY ECONOMY

Better Mileage! With a brilliant V-type, 8-cylinder motor, the Mercury achieves economy of mileage equaled by few 6-cylinder cars!

Freedom from Costly Repairs! Day-in-day-out *dependability* is another economy factor that makes the Mercury outstanding!

More Car per Dollar! Look at the Mercury—then look at the price tag! It's thrifty to get the most for your money—and that means Mercury for 1941!

Why Choose between luxury and economy? *Get Both* in the new Mercury 8 for 1941.

ON DISPLAY AT THE FORD-MERCURY DEALERS'

Investment Trends

Repatriation Becomes Live Issue For Stocks

Canadian Market Called on to Absorb First Repatriation of Industrial and Mining Shares From Britain

Canadian stock markets this week have been faced with the realization of two threats which have been hanging over them for some time.

In the first place, the war has finally spread to the Balkans. Secondly, there has been the announcement—also long expected—that Canada was undertaking extensive repatriation of British-held Canadian stocks and bonds.

As a matter of fact investment markets in Canada have been starved for just the class of security now to be available. There have been no new offerings, while a steady demand continues. In the interests of diversification many investors should welcome these offerings. As for investment dealers, they will be glad to have something good to offer clients.

The list taken over officially by the British Treasury this week includes mainly high-grade industrial bonds with a number of stocks. It was announced that selling will be orderly and will utilize ordinary investment channels.

As soon as it is known what the British consider to be fair prices for their holdings of Canadian stocks and bonds some idea of how this action may affect Canadian stock markets may be obtained. It is not likely that the British will press their sales as it is obviously in their interest to obtain as high prices as practicable.

But the whole background of the stock market right now—with the single important exception of business activity — does not favor any sustained upward move. As Canada absorbs the British holdings, and as general purchasing power gains through the accelerating rate of business activity, we should see higher stock prices, always providing that the war does not produce too severe shocks.

* * *

U. S. Stocks and War

Stock markets in the United States are less vulnerable today than when United States entered the World War in 1917, according to Delafield & Delafield, members of the New York Stock Exchange.

The level of share prices is lower today than it was last August, before the European war began, it was pointed out. This is not the only difference which this firm finds in the situation today as compared with 1917 in a study of the probable effect on security values if the United States is drawn into the present war. It is pointed out that United States has had no extended expansion of production, industrial output being about equal to that of Dec., 1939. Numerous industries are operating well below capacity. There are still millions of unemployed who must be put to work before there can be a repetition of the acute labor shortage of 1917 to 1918. An extensive programme of plant expansion has already been launched which will result in a substantial increase in productive capacity for armaments.

While less interference in production of civilian goods is expected than was the case in 1917, it will perhaps be necessary to apply some priority rules in order to favor armament production.

Conditions today do not indicate a sharp increase in commodity prices, which are still only 80% of the 1926 level.

* * *

Long Term Choices

Admitting that investment cannot be reduced to a simple matter of mechanics, the Investors' Chronicle, London, still feels it worthwhile to outline a system of selecting securities "whose solid merit should outlast the war and extend into the years beyond." Standards used are derived from past records, with particular reference to average dividend payments in the past ten years and deviations from that average, a consideration of the yields offered at current prices on the basis of average dividends and the balance sheet position.

If a share preserves the classical spread of 1½% between gilt-edged bonds and industrials, that is a return of 5% or more, then it passes the yield test. If in the past decade dividends have varied more than 15% from the average distribution made during the period, then these shares are disqualified on the grounds of instability of income.

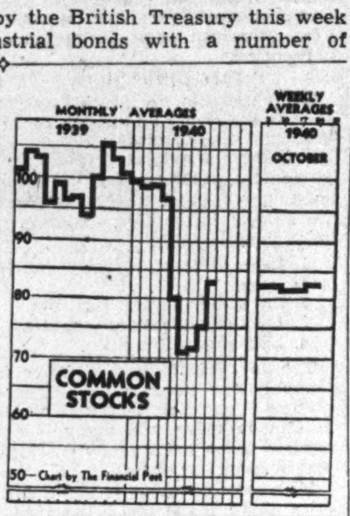
* * *

Restricted Leverage

A capital setup which accentuates any decline in total profits when translated into percentage earnings on ordinary capital, is an element of instability. Accordingly, a security is barred from this list if the equity capital represents less than 50% of the total debenture and loan capital.

Even these rules are relaxed to the extent that a share may qualify for inclusion where a big deviation from average dividends is attributable to earnings progress of the company in later years. "High-gearing" may not be an absolute bar where it has the double justification that successive increases of capital have brought about a more than proportionate expansion in earnings and that the market valuation of the equity capital is greatly in excess of the book value.

Admitting that rating of balance sheets is merely a matter of opinion, it is still maintained that investors must consider such factors as the nature of the asset and the attitude of the management toward asset values, the character of the investment, the type of business carried on, the relation of cash and investment holdings to the requirements of the undertaking, the ratio of reserves to capital and other matters.



War Orders

Contract awards by the Department of Munitions and Supply in the two weeks ended Oct. 18, 1940, included the following to companies in which there is public investment interest. Orders totalling $19.3 millions were awarded during the period, the largest single item being several million dollars for parachutes which went to two private concerns.

	$
Foodstuffs:	
Canada Packers	128,496
Burns & Co.	19,409
Wilsil Ltd.	6,220
Canadian Bakeries	14,000
Clothing:	
Dominion Textile	73,022
Montreal Cotton	66,379
Paton Manufacturing	7,516
Tooke Bros.	30,250
Woods Manufacturing	46,750
Monarch Knitting	10,891
Dominion Rubber	84,000
Robert Simpson	32,222
Personal Equipment:	
General Steel Wares	7,980
B. F. Goodrich	169,800
Dominion Rubber	50,950
Seiberling Rubber	5,557
Kitchen Equipment:	
Frost & Wood (Cockshutt)	27,471
Kelvinator of Canada	24,331
Beds & Bedding:	
Acme Glove Works	9,409
Woods Manufacturing	38,250
Shipbuilding:	
Imperial Oil	12,210
Dockyard Stores:	
Foundation Co. of Canada	5,310
Dominion Engineering Co.	56,080
United Steel Corp.	70,252
National Steel Car	13,213
Hayes Steel Products	13,250
Land Transport:	
Metallic Roofing Co. (Western Steel)	386,133
Dunlop Tire	24,587
Goodyear Tire	123,359
Aircraft:	
Canadian Westinghouse	15,675
Metallic Roofing Co. (Western Steel)	7,914
National Steel Car	31,315
Noorduyn Aviation	5,448
de Havilland	51,184
Paints & Supplies:	
Brandram-Henderson	9,745
Aulcraft Paints (Ault & Wiborg)	8,512
Gasoline, Oil & Fuel:	
B. A. Oil	55,790
Imperial Oil	253,170
McColl-Frontenac	55,790
Lumber, Bldg. Supplies:	
Fraser Companies	22,632
Price Bros.	17,075
Canadian Inter. Paper	41,300
Consolidated Paper	11,225
Steel Co. of Canada	12,472
Gypsum, Lime & Alabastine	8,505
Munitions:	
Frost & Wood (Cockshutt)	50,996
Capital Expenditures:	
Hayes Steel Products	398,000
Ford of Canada	1,348,489

East Kootenay Power Net Earnings Gain

From Our Own Correspondent

MONTREAL. — East Kootenay Power Co., controlled by Power Corp. of Canada, reports net earnings in September of $35,455, an increase of $6,472 over the same month a year ago.

HONEY DEW & ORANGE CRUSH

Orange Crush Ltd. no longer has a share interest in Honey Dew Ltd., as stated by The Financial Post last week. In Nov., 1939, Orange Crush offered to its shareholders all the 6,009 shares which it held in Honey Dew. Arrangements were made with E. P. Taylor, president of Orange Crush and Honey Dew, to take up any balance of the Honey Dew shares not purchased by Orange Crush shareholders under the offer. The underwriting and option agreement with Mr Taylor was carried out in its entirety, thus divorcing the two companies.

Imperial Oil Operations Expand

Daily Volume of Refinery Production Shows an Increase of 20%

Indications are that Imperial Oil Ltd. will handle substantially greater quantities of crude oil at its Canadian refineries this year than in 1939. At present, The Financial Post is told, the company is turning out about 85,000 bbls. of refined products a day compared with 71,000 bbls. a year ago.

This is a gain of around 20% and indications are that this rate of gain will continue, or perhaps be accelerated in the near future.

What this is going to mean in the way of earnings for 1940 is hard to foretell and company officials decline to give an estimate. It is reasonable to assume, however, that heavier rate of production will mean lower unit costs. There has not been any important change in the retail price situation this year while certain costs, particularly for imported crude, have risen over last year. In spite of this it is expected that earnings from Canadian refining and distributing operations for 1940 will exceed the 19.3 cents a share reported for 1939.

It is not considered that the "excess" profits tax will place an undue burden on the company, although it will mean an increase in total income taxes of at least 12% over last year. Imperial's returns on capital invested over a period of years has been less than the minimum permitted under this tax, it is claimed.

Use Inter. Pete's Crude

A feature of current operations is progress of plans to utilize additional amounts of South American crude oil produced by Imperial's subsidiary, International Petroleum Co.

Plans are said to be under way whereby at least 10,000 bbls. daily of crude oil from South America can be brought to Imperial's refinery at Sarnia, Ont. This oil would come by tanker to a United States Atlantic seaboard port and be transported by pipe line through the United States to the terminus of Imperial's own pipe line at Cygnet, Ohio. From here it would come through the company's lines to Sarnia. The 10,000 bbls. mentioned would supply from a quarter to a third of the Sarnia refinery's daily needs.

The Sarnia refinery has been supplied by crude oil from the Illinois field in recent years. It appears that certain advantages will be gained by using International Petroleum's crude. In the first place the Illinois field is showing signs of depletion and it might be just as well to have an alternative source of supply in the event that the United States actually enters the war.

Then International Petroleum Co. lost many of its former markets in Europe as Germany overran country after country. Thus it has surplus crude oil available and welcomes a new market. Last year International Petroleum sent about 23.1% of its total production to Canada. But this oil has never come to Sarnia before. Imperial has used it in its refineries at Dartmouth, N.S., and Montreal in the east and at Ioco, B.C. Use of the pipe lines, however, will apparently make it possible to bring this oil right to Sarnia.

Save U. S. Dollars

There would be some saving in foreign exchange requirements if this could be adopted, although it is understood that Canadian authorities have not been approached in the matter as yet. International Petroleum Co. sells its crude oil in terms of United States dollars and it is not likely that there would be much saving in that way. Where the saving might develop is because International Petroleum, as a Canadian company, has to sell its U. S. dollars to the Foreign Exchange Control Board.

This Board also has to sell the U. S. dollars needed to buy the imported crude and, as The Financial Post has pointed out in the past, makes a steady and important profit on its dealings in foreign exchange. Thus greater use of crude oil produced by International Petroleum would mean more U. S. dollars for the Board from International Petroleum's earnings even if the dealings had to continue in that currency.

Production of aviation gasoline in 1940 by Imperial Oil has been doubled over last year, it is understood, and further expansion is planned as the current building programme nears completion.

Fuel oil use has also shown heavy gains because of use for industrial purposes and for bunkering of ships. A gain of approximately 50% has been shown in sales of fuel oil in Canada this year.

Less from Subsidiaries

For a number of years Imperial Oil has obtained the larger share of its earnings from dividends paid by its subsidiaries. Most important of these subsidiaries is International Petroleum Co. Income from this source is not likely to be as high as a year ago. International Petroleum Co. paid $1.75 a share in dividends for 1939. This year it looks as though payments will not exceed $1.50 a share as the company has omitted extras with recent declarations of dividends.

Royalite Oil Co. is another important subsidiary of Imperial Oil which will contribute a smaller amount to the parent company's profits this year. In 1939 Royalite paid $1.25 a share in dividends, but has omitted former extras from recent payments, making it appear probable that payments this year will be $1 a share.

Thus, assuming that these two subsidiaries declare only their regular dividends when the December payments come around, Imperial Oil will likely realize approximately $2.3 millions less from these two sources this year than last. This would be equivalent to about eight cents a share on Imperial's stock.

Significant Investors' Index Numbers

1926 = 100

No. of Securities	Mach. and equip. 8	Pulp and paper 7	Milling 3	Oils 4	Textiles and clothing 10	Food and allied prod. 12	Beverages 7	Bldg. mater. 15	Power and traction 15	Banks 8	Total utilities 19	Total co's. 95
1929-39:*												
High	432.5	113.4	273.4	423.3	113.5	197.8	204.6	281.1	197.6	131.7	166.0	198.3
Low	39.2	3.0	37.7	87.7	30.8	78.8	33.8	44.3	47.1	63.1	36.9	43.3
1940: Monthly Figures:												
Jan.	134.3	24.5	98.8	155.8	86.4	183.0	135.4	150.7	61.3	84.5	45.7	99.7
Feb.	129.3	23.4	98.4	158.2	90.7	184.3	134.0	146.8	60.3	84.3	45.3	99.0
Mar.	134.1	22.9	96.5	155.4	91.4	185.7	135.4	146.5	61.1	85.1	47.1	99.1
Apr.	132.5	24.6	95.9	147.6	91.6	184.7	137.9	146.4	61.9	83.8	47.1	97.0
May	102.6	16.3	77.6	124.7	80.5	165.0	117.9	115.8	52.0	79.7	39.4	80.4
June	93.2	13.1	62.9	100.2	70.3	144.1	106.9	103.3	47.0	74.7	35.8	71.9
July	92.0	13.9	67.1	101.3	74.5	145.8	114.2	102.3	47.1	70.0	35.5	72.5
Aug.	98.5	15.3	68.4	104.4	76.9	150.1	120.3	107.8	48.6	72.1	37.1	76.0
Sept.	107.0	16.5	81.0	120.9	81.9	163.1	124.9	121.0	51.3	76.0	39.3	83.2
Weekly Figures:												
Oct. 3	104.4	16.4	80.9	117.8	81.5	164.3	125.4	124.5	51.7	75.8	39.1	82.8
Oct. 10	105.7	16.5	81.8	117.5	81.4	163.3	124.5	124.7	51.3	75.0	39.1	82.7
Oct. 17	104.3	15.8	79.0	111.2	81.6	162.3	122.9	122.4	50.7	75.0	38.6	80.7
Oct. 24	105.2	16.1	73.7	110.1	81.7	162.5	124.9	122.9	50.9	76.0	38.8	81.1

*High and low for year from 1929 to 1939 inclusive are based on weekly figures compiled from figures issued by Dominion Bureau of Statistics.

Toronto Stock Exchange Index

	20 Indus.	20 Golds	10 B.M.	15 W.O.
Oct. 29	101.54	100.61	68.86	21.43
Oct. 28	101.99	101.91	69.02	21.31
Oct. 26	102.22	102.59	69.28	21.49
Oct 25	102.11	102.59	69.19	21.29
Oct. 24	102.32	102.24	69.11	21.44
Oct. 23	102.93	103.15	69.57	21.73
Month ago	102.89	98.08	68.53	22.96
Year ago	127.09	113.53	91.17	33.03
High 1940	128.84	123.80	88.97	33.31
Low 1940	86.00	77.34	56.81	18.44

Montreal Stock Exchange Average

	10 Util.	20 Ind.	30 Cmd.	10 Pprs.	15 Golds
Oct. 29	55.9	68.1	64.0	87.81	75.34
Oct. 28	55.8	68.4	64.0	88.21	76.24
Oct. 26	56.1	69.9	64.6	88.77	76.59
Oct. 25	56.4	68.8	64.7	87.47	76.46
Oct. 24	56.3	68.9	64.7	88.13	76.51
Oct. 23	56.2	69.1	64.8	88.49	76.67
Month ago	56.9	68.9	64.9	88.43	73.01
Year ago	66.8	93.2	84.4	150.73	99.68
High 1940	69.2	92.2	84.4	152.63	100.81
Low 1940	50.7	56.0	54.7	66.44	55.16

Market Opinions

Lack of decisive moves in stock market prices kept market comment this week non-committal, with most stress being laid on the strong earnings background.

The Annalist, New York.—It must be recognized that the election may have a pronounced effect upon prices, and most traders and investors are naturally likely to refrain from making commitments.

* * *

Brookmire Counselor, New York—Patience commands a premium at a time when the stock market's moves are as narrow and its indications as inconclusive as at present. After the rise that has occurred from the June lows, the market may be more vulnerable to a reaction in the event that foreign events should become upsetting. But the basic recovery, stimulated by defense, warrants maintaining portfolios intact, even if the immediate prospect is somewhat obscured.

* * *

Barron's, New York, (The Trader)—That a rigid ceiling of profits, which represses the speculative urge, will necessarily sharply curtail dividend disbursements is by no means certain. . . . Earning power should remain sufficiently strong, on the average, to permit the maintenance of current dividends by the financially strong.

Cumulative new orders for industry are still rising and should shortly pass the 1939 peak, when industrial stocks were over 16 points higher than now. The reasons for the disparity between the levels of stocks and business are obvious, i.e., taxes, politics, and fear of our entry into the war. Discomforting as may be all of these, England seems to have survived a worse combination.

* * *

Financial World, N.Y. — Spring should bring the full effects of the arms expenditures, and with them a new high peak in industrial activity. Corporate earnings will not rise to the heights that would have been seen if the boom were of peacetime character, but even after the toll of taxes has been taken numerous companies will be reporting results substantially in excess of anything seen recently. Such a situation, together with the increasingly inflationary trends that are in prospect for the coming year or more, does not constitute the basis for a protracted decline in the stock price averages, regardless of the outcome of the elections.

Laura Secord Sales Up 14%

Lower Net Profit Due to 140% Jump in Taxes—New Stores Opened

Laura Secord Candy Shops reports sales of almost $2 millions for the year ended Sept. 30, 1940, up 14% as compared with the previous 12 months. Net earnings of $338,429 represent a 40% jump from the 1938-39 period.

Provision of $120,000 for taxes—up 140%—offset the higher net earnings. Net profit of $231,087 was off $55,700 from the 1938-39 fiscal period, but covered dividend requirements of 80 cents per share.

During the year, the company showed a net increase of one shop, total in the chain being 87 at Sept. 30. During October, a new unit was opened at Timmins, Ont. About 20 shops are now air-conditioned.

Commenting on the higher net earnings, J. D. Hayes, president, reports this was in spite of an increase in cost of materials. Inventories of $197,824 at the end of the fiscal year were up over $47,000 from 1939.

The annual meeting will be held in Toronto on Nov. 12.

British Columbia Advances

The Province of British Columbia reports a $1,827,271 increase in current revenues in the first five months, and an estimated current account surplus of $3,700,000 for the present fiscal year.

British Columbia's per capita national income is 20% higher than the average for Canada.

Dominion income taxes paid in British Columbia in the year ended March 31st, 1939, amounted to $10,974,000 compared with the total of $11,185,000 paid in Manitoba, Saskatchewan, Alberta, Nova Scotia, New Brunswick and Prince Edward Island.

New Issue

Province of British Columbia
4% Sinking Fund Debentures
Due November 1st, 1950
Price: 99 and interest, to yield about 4.125%

Orders may be telephoned or telegraphed at our expense.

36 King St. West
Toronto
Telephone EL. 4321

Wood, Gundy & Company
Limited

Oil Control Policy May Tighten

(Continued from page 1)

estimated year's requirements of crude oil for each refinery. This much storage has been found necessary to assure that Turner Valley oil wells shall operate at their best efficiency throughout the year in place of the partial shut-down formerly necessary in the winter.

3. Facilitated the installation at the Sarnia refinery of Imperial Oil of equipment at which will be made all the "Mobiloil" lubricating oil sold in Canada. This oil has been marketed by Imperial under an arrangement with the Socony-Vacuum Oil Co. for years, but hitherto has been imported from the United States.

4. Stopped any further installations of fuel oil burning apparatus, with the exception of those using less than 4,000 gallons annually, and decreed that no more gasoline retail stations may be erected in Canada.

5. Generally laid down a policy aimed at the most economic use of refining, distributing and producing facilities in Canada, particularly to save United States exchange and materials and labor more urgently needed for other phases of Canada's war effort.

Gathers Data

Ever since his appointment as oil controller, Mr. Cottrelle has been busy gathering data which will give him a complete picture of Canada's position with regard to this vital commodity. He has just completed a trip across Canada, making a personal survey of facilities and resources for production, refining and distribution.

He has sent out questionnaires to every operator of a refinery, distributing organization, importer or exporter asking exactly what can be produced by the facilities owned or controlled, where supplies are obtained, how much they cost, and many other items.

This questionnaire has not yet been completed and returned by all in the industry. When it is complete, Mr. Cottrelle will have a full picture of Canada's petroleum industry. From it he will set up an organization able to take any further control steps which may be necessary. It will give information for the Canadian industry which the Petroleum Institute in the United States already has available for that country.

Government Policy

Control of the petroleum industry in Canada, says Mr. Cottrelle, is primarily directed by government policy. His job is to carry out this policy, not to originate it.

Which direction this policy will finally take cannot be foretold yet. It will depend on how long the war lasts; on how our supply of U. S. dollars is maintained; on how urgently the steel, labor and other materials used by the many branches of the petroleum industry are needed for other things.

Drastic Control Possible

But the controller emphasizes that it is quite conceivable that more drastic steps may have to be taken to economize in these directions. Although there has been no move made as yet toward such things as rationing of gasoline for civilian use, this is not an impossible development if economies in other directions fail to meet the country's urgent needs.

Although gasoline imports from the United States are still permitted without interference, this may not always be the case. Before any moves can be made to shut off imports of refined products, however, it is necessary to know accurately just what our domestic refining capacities are. If they are not sufficient to meet our needs, then imports will have to continue or consumption be cut down. Which alternative would be adopted cannot be forecast.

Alberta Oil Vital

In his trip across Canada recently, Mr. Cottrelle paid particular attention to the position of Alberta oil production in supplying Canada's needs. He wants to be certain that Turner Valley wells—now proving even more valuable than in prewar days—can be used at a maximum rate of output that will at the same time assure maximum life for the wells, and recovery of the greatest possible amount of oil from the field.

It would be possible, for example, to have increased the production of these wells at last summer's period of peak demand, but to do so would have lessened the total recovery through depleted gas pressures. It would have been wasteful of this vital resource.

Study at the time indicated that the maximum efficient output of Turner Valley wells in July was 27,108 bbls. daily and the wells operated at this rate from July 10 to 31. But for the period from Sept. 1 to 30 they could only produce 26,234 bbls. as a daily average and for Oct. 1 to 22 this dropped to 24,601 bbls. daily. Apparently output cannot be maintained economically for more than short periods at the July level, perhaps not even at the October level.

This was the background of the decision that it would be necessary for western Canada's eight refineries, which are equipped with cracking apparatus and able to make efficient use of the crude, to store 27½% of their annual crude requirements for the year. By doing this, it is possible to operate the wells at their maximum efficient output all year.

The base figure is related to a consumption perhaps slightly under the 1940 rate, which is thought to be inflated by the coincident occurrence of a bumper crop in the prairies and heavy Government spending through such projects as the Commonwealth Air Training Scheme and other defense projects. Even with another heavy crop in 1941, Government spending is not likely to reach this year's level. The major construction jobs are likely to be completed, thus forecasting a somewhat smaller need for gasoline and oil next year.

Marketing Area

It has been determined that the economic marketing area for western Canada oil production cannot extend under present circumstances beyond the three prairie provinces and the eastern part of British Columbia. To supply this market completely on a scale such as was experienced in 1940 would require from one to two million barrels more crude oil than present productive facilities in the area can give.

This extra oil had to be imported this year and next year will either have to be imported again or else consumption restricted through lessening of demand or control measures.

Drilling Stimulated

One feature of the present maximum production rate has been, says Mr. Cottrelle, a stimulation of drilling and exploration efforts. It requires between 35 to 40 producing wells to be drilled each year to maintain current production. This, he feels, is assured now that small producers in particular know that they can market all the oil they can produce under the Alberta Oil Conservation Board's new allowables.

Exploration and wildcat drilling is more active than in many months now and hopes of finding new fields proportionately strengthened. He points out, however, that the discovery of a new field right now would still require perhaps three years for efficient utilization.

With the exception of government geological and seismograph exploration parties, all of the development is being financed by private capital. Oil refiners, moreover, have provided the funds themselves for the additional storage tanks required and now have to carry substantially higher inventories as well.

Avoid Refined Imports

An important point of public policy with regard to the oil industry in Canada is that so far as possible imports of petroleum be brought in in the crude form and refined in Canada. Major advantage gained is that less U. S. exchange is required when the processing costs are spent in Canada and only the crude itself brought in.

In 1939 imports of crude and refined petroleum products totalled $56 millions. So far in 1940 there has been approximately a 15% increase in consumption with a corresponding drain on our vital supply of U. S. dollars.

This is the reason that authorities are studying the problem carefully. They feel that the Canadian public should be prepared to face restrictions on their use of gasoline. This may not become necessary but the machinery is being made ready.

As previously mentioned certain steps have already been taken. Fuel oil is a good example. Imports of fuel oil in 1939 were 58% over those for 1938 but use of Canadian refined fuel oil was up only 9.5%. Much of this gain in imports was at the expense of Canadian fuels, particularly coal. This was a danger signal which Mr. Cottrelle was not long in noting and was one of the reasons for the stand-still order on fuel oil installations.

Step Up Refineries

In eastern Canada not so much has been done that is apparent as yet. Refiners are being urged to place their plants in first class condition, both to assure that most efficient use is made of our crude supplies, imported and domestic, and to bring refinery capacity to its highest peak. This is being done rapidly.

Authorities want to be assured that Canada has refinery capacity sufficient to supply its needs for refined products. Last year between 40% and 50% of Canadian lubricating oil consumption was imported. This is one place where added capacity is required and is being supplied as already mentioned.

Capacity to produce aviation gasoline has been stepped up until it is considered adequate. For certain other products such as fuel oil proper balancing of refinery operations to give the best output of "white products" might mean a shortage of fuel oils, partly offset by the order already mentioned.

In considering any possible restrictions on civilian petroleum consumption, moreover, there is Canada's vital tourist trade to be remembered. This trade, even at this year's reduced level, is responsible for providing Canada with far more U. S. dollars than the petroleum industry needs to import its complete needs of refined and crude products. This illustrates the complex nature of the whole problem.

Guelph Carpet Ups Dividend

Reflects Better Business in Fiscal Year Just Closed

Reflecting improvement in business of the Guelph Carpet & Worsted Spinning Mills, Ltd., a dividend of $1.50 per share will be paid Nov. 1 to shareholders of record Oct. 22. This represents an increase over previous annual payments of $1 per share, made from 1936 to 1939 inclusive.

The annual report for year ended Sept. 30, due soon, likely will reveal higher earnings, as previously forecast in The Financial Post. Net profit of $104,056 was shown in year ended Sept. 30, 1939.

Improvement was due primarily to the stimulation in civilian demand for rugs which commenced in Sept., 1939. Weaving yarns have been made for companies manufacturing uniform cloth, but which are not equipped with woollen yarn machinery. A small proportion of the yarn is being used in the manufacture of blankets.

Quebec Relief Rolls On Smaller Scale

From Our Own Correspondent

MONTREAL. — The number of persons on relief in Quebec has been reduced from 50,889 to 18,326 in the last seven months, according to Hon. T. D. Bouchard, Minister of Roads and Public Works.

FEATURES

in the November issue

THE CANADIAN CHARTERED ACCOUNTANT

Why Rent Control?
Automobile Dealership Accounts and Control
Calculation of taxes under the Corporations Tax Act of Ontario
Accountants and the Law of Negligence
Pulp and paper and the war

Published monthly. $3.00 per annum. Subscription open to all. A. H. Carr, Editor, 10 Adelaide Street East, Toronto.

Investment Notes

Imperial Tobacco—Sales of company have been maintained judged by the cigarettes released for consumption. According to Federal returns 597 million cigarettes were released in September, as against 621 million cigarettes the previous month, and 584 million cigarettes in September, 1939. In June, July and August sales ran behind last year.

* * *

C. S. L. — Tonnage movement through the Welland and St. Lawrence canals would indicate volume of business handled by this company is slowing down. Last September there was a minor increase in the Welland Canal tonnage as compared with same month a year ago, but on the St. Lawrence Canal, there was a decrease of about 25% in volume of traffic.

* * *

B. C. Telephone—Telephones installed at Sept. 1, this year, totalled 131,984 for the company and its subsidiaries, a gain of 1.8% since the first of the year. The gain in August amounted to 556 telephone stations.

Mechanical Engineers To Hear Col. Codd

The Ontario section of the American Society of Mechanical Engineers will meet in Hart House, Toronto, Nov. 14, to hear an address by Colonel L. A. Codd of Washington, D.C., secretary of the Army Ordnance Association of the United States, on industrial mobilization in the United States for national defense.

NEW ISSUES

$5,051,000

Province of British Columbia

4% Sinking Fund Debentures

(Non-Callable)

To be dated November 1, 1940 — To Mature November 1, 1950

Principal and half-yearly interest (May 1 and November 1) payable in lawful money of Canada at the principal office of The Canadian Bank of Commerce, Victoria, Vancouver, Winnipeg, Toronto, Montreal, Saint John or Halifax at the holder's option. Coupon debentures in the denominations of $1,000 and $500. Debentures may be registered as to principal only.

Legal Opinion: Messrs. Long & Daly.

Information relating to the financial position of British Columbia is contained in the official prospectus which will be furnished on request.

PRICE: 99 and accrued interest to yield about 4.125%

We offer these debentures if, as and when issued and accepted by us, subject to the approval of Counsel. Subscriptions will be received subject to rejection or allotment.

It is expected that debentures in interim form will be available for delivery on or about November 1st, 1940.

A. E. Ames & Co. Limited
Wood, Gundy & Company Limited
The Dominion Securities Corporation Limited
Mills, Spence & Co. Limited
McLeod, Young, Weir & Co. Limited
Bell, Gouinlock & Co. Limited

The statements contained herein are based upon information which we believe to be reliable, but are in no event to be construed as representations by us

Bond Markets

B.C. Issue Tests Outlook For 1941 Maturities

Ontario Refunding Now Avoids Demand For Money in Jan. When Next War Loan Expected —Quick N. S. Sale Pleasant Surprise

Investors regard the offering this week of $5.1 millions of British Columbia debentures as unusually significant. It is the first issue to be offered publicly by any of the four western provinces since 1934, when Alberta was in the market.

It will serve to sound out the feeling of the smaller buyer toward western issues. It also may act as a guide to determining what support is possible from the public to help the heavy refunding operations which B. C. faces next year.

The $16 millions of refunding money obtained by Ontario was an offering which came as a surprise, in view of Premier Hepburn's previous announcement that no financing would be necessary after the $15 millions offered last May. It is explained, however, by the fact it will be used for 1941 refunding—$8 millions on Jan. 15 and $8.3 millions on Feb. 1. To wait until January to seek this money might prove a little embarrassing to the Dominion, which is expected to be offering another war loan about that time.

* * *

Traders were gratified by the quick sale of the $1.6 million of Nova Scotia debentures, offered publicly last week. The issue was disposed of in less than two days—somewhat faster than anticipated.

The provincial bond market has remained firm, in the face of the drain on public funds by the three recent provincial offerings. Gains are reported in quotations on Saskatchewan, B.C. and N.B. issues. The recent offerings are expected to be followed shortly by a Quebec issue.

Popularity of new issues of municipal bonds is indicated by the quick sale of $5.7 millions Toronto debentures and the big response to the call for tenders issued by Sherbrooke, P.Q., for a $225,000 issue. Twenty-one firms figured in bids on the latter issue.

Demand for corporation issues has become quite light. A few gains have been recorded, but the market for the most part is unchanged.

* * *

B.C. as "Guinea Pig"

The current offering of B.C. debentures obtained an initial response which was regarded as encouraging. But bond firms were prepared to see it take longer to sell than eastern issues. This is due to the fact it is some years since the public has been appealed to for funds for the western provinces.

It is regarded important to the war effort that the small buyer come in to support the offering. This will enable the institutions to conserve more of their funds for the coming war loan — thought likely to be offered in January. The institutions have been taking care of all the maturities of western provinces in recent years themselves, including some $7.5 millions this year for Saskatchewan and $4.1 millions for Manitoba.

It is regarded as important, now, that some help be obtained from the public. In view of the recent improvement in the financial position of B.C., it is thought probable this province is as good a "guinea pig" as any by which to test public reaction to such an appeal.

* * *

Provincial Issues Jump

Provincial financing has been revived on a large scale during the current month and there is still a substantial volume that must be undertaken within the next few weeks.

Prince Edward Island appeared early in the month with a $750,000 millions issue of 4% debentures.

Nova Scotia followed with $3.1 millions of 3% and 3½% debentures, comprised of $1.5 million 3% debentures, and $1.6 million of 3½%.

Ontario issued $16 millions of 2% and 3½% short-term and long-term debentures. Total of $10 millions was long term and the remaining $6 millions short term.

Fourth on the list was British Columbia with a $5.1 millions issue of 5% 10-year debentures.

These four provincial issues totalled $24.9 millions.

In prospect for the near future are flotations by Quebec and New Brunswick. If the minimum estimates for refunding of Quebec and New Brunswick maturities are added to the total of issues already offered the total of provincial financing rises to $48.9 millions. This total includes minimum requirements of Quebec of $22 millions and New Brunswick of $2 millions.

Toronto also swelled the total of public financing during the month by issuing $5.7 millions of debentures.

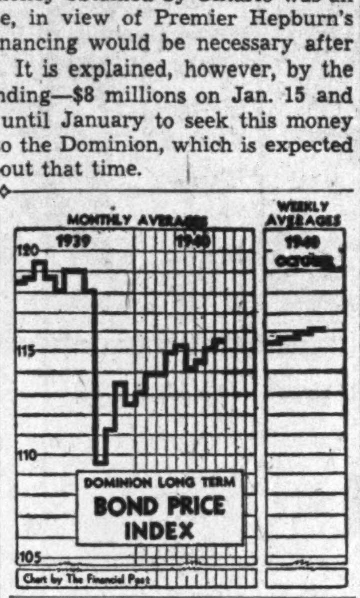
* * *

Quebec and N. B.

The present financing will take care of a large portion of provincial requirements for the year. There remains Quebec maturities to be settled, in addition to any cash requirements that the province may need. Conversations between the underwriters and the province are continuing. It is understood that the province is asking for a somewhat lower coupon rate than the underwriters believe wise, in view of the preceding flotations.

New Brunswick's maturity of $2 millions on Nov. 15 presents one of the most perplexing problems. This issue is held largely in the United States, which would require a considerable premium at the present time to refund. The province cannot refund the issue from its own resources.

Conversations are being held, but it is reported that no definite plan of action has yet been evolved.



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Bond Index

The D.B.S. index of long-term Dominion of Canada bonds at 116.1 for the week ended Oct. 24 was up 0.1 point from the previous week. It was 3 points higher than in the same week of last year and 0.5 points higher than in the same week of last month.

DOMINION OF CANADA
Long-term Bond Index

	Weekly average Oct. 18-24	Preceding week Oct. 11-17	Weekly average year ago
Price	116.1	116.0	113.1
Yield	70.8	70.9	74.2

Bond Redemptions

Bond Issues:	Rate	Year	Due	Price
Riordon Pulp	6%	1942	Dec. 31	105
Drilling Cont. ..	5¼%	1943	Jan. 15	100
Eastern Car	†6%	1952	Jan. 1	105
Mississippi R. Pwr.	5%	1951	Jan. 1	105

†Drawn by lot $44,000.

Stock Issues:			
Stand. Steel	Pref.	Jan. 2	†50

†Plus accrued dividend.

Hermes Bldg. Plan Offered

Bondholders of Garment Centre Capitol Inc. to Consider Proposals

From Our Own Correspondent

MONTREAL. — Bondholders of Garment Centre Capitol Inc. will meet in Montreal, Nov. 29 to consider a plan of reorganization. The company owns and operates the Hermes Building in Montreal. It was previously reorganized in Dec., 1935.

The 6½% first mortgage 15-year sinking fund gold bond holders will be asked to approve the following proposals:

1. Extend maturity of bonds to Sept. 1, 1955, from March 1, 1942.
2. Reduce interest rate from Sept. 1, 1940, from 6½% to 5% annually, payable semi-annually March 1 and Sept. 1.
3. To redeem at par from Sept. 1, 1944, an amount equal to 1½% of bonds outstanding at the preceding financial statement.
4. After interest and sinking fund on the first mortgage bonds, from Sept. 1, 1944, 25% of surplus to be paid to income bonds; 75% for working capital up to $15,000. Remaining surplus is to be used to pay interest up to 5% on the income bonds.

After full interest of 5% has been paid on the income bonds, surplus remaining would be used as follows: 50% for redemption on income bonds; 25% for capital stock dividends, and 25% to redeem equal amounts of first mortgage and income bonds at par.

General Mortgage Plan

The 7% general mortgage bondholders will be asked to approve the following arrangements:

1. All defaults to be waived.
2. Presently outstanding bonds of $244,300 par value to be exchanged for $122,150 par value of new 20-year income bonds, dated Aug. 1, 1940. The general mortgage bondholders would receive $50 par value of income bonds for each $100 par value of present bonds, plus one share of capital stock. Interest would be payable from Aug. 1, 1944, at the rate of 5%, semi-annually Feb. 1 and Aug. 1.
3. Income to be distributed as would be determined as previously outlined under first mortgage bonds.

Bond Tenders

5 p.m., Nov. 4, Sch. Mun. of Grand'Mere, P.Q.—$23,000, 4%, dated Sept. 1, 1940, maturing serially 1 to 10 years.

Oct. 31, Canada Treasury Bills—$35,000,000, dated Nov. 1, 1940, payable Jan. 31, 1941.

Canadians Sell U. S. Stocks In Substantial Volume

Study of the Dominion Bureau of Statistics figures on Canada's international trade in securities this year indicates that Canadians are disposing of substantial amounts of their holdings of United States stocks. In August there were sales of $1.2 million of U. S. common and preferred stocks to United States buyers while buying only $531,376 back.

For the eight months of 1940 for which figures are available, sales by Canadians of United States common and preferred stocks to U. S. buyers have reached a total of just under $27 millions while purchases of U. S. stocks have amounted to only $13.6 millions. This leaves a balance of sales amounting to $13.3 millions and is the largest change in any of the items making up this international trade in securities.

In addition to the stocks, Canadians have sold back to U. S. buyers, $1.3 million of United States outstanding bonds so far this year.

Gives U. S. Dollars

Other major items making up our trade in securities with the United States show that we sold about $10 millions of Canadian bonds to U. S. investors on balance. In Canadian stocks, the trade was closely balanced, Canadians buying back $15.4 millions from former U. S. holders while selling $14.2 millions to investors in that country.

The whole movement in securities between Canada and the United States has resulted in $23.2 millions of U. S. dollars being made available for Canada.

How the United States has dominated the whole trade, however, is shown by the fact that out of aggregate sales of $95.4 millions to all countries, the United States bought $85.9 millions. Out of purchases of $72.6 millions, $62.6 millions were from the United States.

Small U. K. Dealings

Apparently Canada has repatriated securities to a net total of $1.3 million from the United Kingdom from the first of 1940 to the end of August. This, of course, does not include the two government issues, amounting to about $137 millions which were redeemed nor the Grand Trunk 4% perpetual securities now being redeemed.

Considering Canadian outstanding bond issues alone, there has been a net repatriation of $1.7 million from the United Kingdom in the first eight months of 1940. In Canadian stocks there has been a repatriation of just under half a million. Movement in securities other than Canadian has whittled down the balance on the total to the $1.3 million figure.

Ontario Issue Sells Fast

Offering of $16 millions Ontario debentures was oversubscribed within a few hours of the subscription books being opened.

The issue included $10 millions 3¼% debentures, dated Nov. 1, maturing in 1950 and callable in 1948. These were offered at 98.75 and accrued interest to yield about 3.4%, in denominations of $1,000. The balance of $6 millions were 2% serial debentures, maturing 1941-45, offered to yield 2.1%.

Proceeds from the issue are entirely for refunding purposes. They will retire $8 millions of 2% bonds due Jan. 15, 1941, and $8.3 millions 6% bonds due Feb. 1, 1941.

Surplus Shown

In connection with the issue Hon. Mitchell F. Hepburn, Prime Minister and Provincial Treasurer, stated that total ordinary revenues for the first six months of the current fiscal year exceeded total expenditures for current and capital account combined. This year's revenues to date are in excess of budget estimates.

Last financing done by Ontario was in April, when $21.3 millions were sold—$15 millions publicly and the balance privately.

University Tower Covers Charges

From Our Own Correspondent

MONTREAL.—University Tower Corp. reports its building is over 90% occupied at present. There has been no change in rentals but, on the other hand, operating expenses have increased.

As far as current earnings are concerned it is understood the company is covering interest and principal payments on the first mortgage loan as well as interest on the general mortgage bonds.

Cover All Charges

In the company's financial statement for the year ended April 30, 1940, which reflects for the first time the effect of the financial reorganization, amount available for interest and depreciation was $113,435. Interest of $63,110 on the first mortgage loan and $16,000 on the general mortgage bonds was duly paid and principal repayments of $26,508 on the first mortgage loan.

Gross revenues from rentals were $3,493 higher than for the previous year at $247,240, but expenses due to Quebec Labor Legislation and higher cost of materials mainly offset the revenue increase.

B.C. Finances In Spotlight

Problem of Meeting 1942 Maturities to Be Aired Soon

From Our Own Correspondent

VANCOUVER. — British Columbia's financial policies, with special reference to sinking funds, will be given an airing during the present session of the Legislature. Opposition members will ask the Government whether it proposes to continue the policy of setting up sinking funds to take care of debentures at maturity or to depend on refinancing in the hope of getting a more favorable rate.

General sinking funds of the province are about $17 millions short of theoretical requirements. The province faces the necessity of meeting maturities of $24.5 millions next year and another $20.4 millions in 1942, so that there is no time to be lost in determining a policy.

The Government has about $36 millions in the sinking funds now, so that there is no immediate anxiety about the 1941 maturity, even though it is considered unlikely that Hon. John Hart, Finance Minister, will attempt to meet the entire sum with sinking funds. The 1942 situation, involving $20.1 million in Pacific Great Eastern Railway obligations, is the one that causes most concern.

The war has upset some of the carefully laid plans of Mr. Hart. By paying off other debts on the nail as they fell due and maintaining a good general financial record for the province, he felt that B. C. credit in Britain would make refunding overseas a comparatively easy process. The war has darkened the picture in that respect.

With nearly $45 millions falling due within the next 18 months and with only $37 millions available in sinking funds, refinancing must be used for the difference, leaving the bulk of the public debt without retiring provisions.

National Biscuit Net Drops About 16%

National Biscuit Co. reports a drop of 16% in net profit in the quarter ended Sept. 30, compared with the 1939 period. Figure of $2.5 millions, or 33 cents per share on the common stock, compares with $3 millions or 41 cents per share last year. Net was $2.4 millions or 31 cents a share in the quarter ended June 30, last.

Indicated net profit for the first nine months of the year of $7.7 millions or $1.02 per share is down almost 13% from the $8.9 millions or $1.20 per share figure in the 1939 period.

Good Response to B.C. Issue

$5.1 Millions Public Offering is First Since 1933

Initial response to a public offering of $5.1 millions British Columbia 4% sinking fund debentures is reported encouraging. It is the first public issue in Canada of B. C. debentures since 1933.

A syndicate headed by A. E. Ames & Co. and Mills, Spence & Co. is offering the issue at 99 and accrued interest, to yield about 4.125%. Others offering the bonds include Wood, Gundy & Co., McLeod, Young, Weir & Co., Dominion Securities Corp. and Bell, Gouinlock & Co. The issue is dated Nov. 1, matures in 1950 and is in denominations of $500 and $1,000.

Proceeds of the sale will be used for retirement of about $3 millions of treasury bills previously issued to retire maturing debentures. The balance is for urgent expenditures on provincial highways, necessitated by tourist traffic and national defense requirements.

A surplus of $1 million, after providing for relief expenditures, is predicted by Hon. John Hart, Minister of Finance for the year ended March 31, 1941, when commenting on fiscal prospects.

Last year B. C. sold $7 millions privately. Total of $4 millions of 3¼% bonds were taken up in June and another $3 millions in April of 3½% bonds. The June issue was sold partly in New York, while the April purchase was all sold in the New York market. Both issues were sold at a net cost to the province of 3.75%.

Gross funded and unfunded debt at Oct. 1, 1940, according to the underwriters' statement, totalled $191.2 millions; sinking fund, $37.8 millions, leaving net funded and unfunded debt at $153.4 millions. This includes the present $5.1 millions issue, and compares with $152.3 millons at March 31, 1940.

Bond Sales

Valleyfield, P.Q.

Banque Canadienne Nationale has purchased from the City of Salaberry de Valleyfield, P.Q., a $68,000 issue of 4% serial debentures maturing May 1, 1941-65. The issue was sold by the city at an average cost of 4.05%.

List of tenders follows:

Harrison & Co. / Banque Canadienne Nationale	99.53
L. G. Beaubien & Co.	98.55
Dominion Securities Corp.	96.60
Credit Anglo-Francais	95.39

* * *

Saint-Michel de Roberval

A syndicate of Montreal bond houses is offering $1.1 million of L'Hotel-Dieu Saint-Michel de Roberval, P.Q., serial debentures at 100. The issue includes $284,500 of 4% debentures, dated Nov. 15 and maturing May 15, 1941, to Nov. 15, 1949, and $815,500 of 4½% debentures dated Nov. 15, maturing 1950-52. About $238,000 of the issue is for refunding purposes, while the balance is for purchasing land, building and equipping a hospital.

* * *

Sherbrooke, P.Q.

Bell, Gouinlock & Co. has purchased from the City of Sherbrooke, P.Q., $225,000 of 4% serial debentures dated Sept. 1, maturing 1941-60. The issue was sold to cost the city an average of about 3.82%, and proceeds go toward capital works for relief purposes.

List of tenders follows:

Bell, Gouinlock & Co.	101.50
Banque Canadienne Nationale / Wood, Gundy & Co.	101.43
Rene T. Leclerc / Savard, Hodson & Co. / Greenshields & Co.	101.11
L. G. Beaubien & Co. / Fairclough & Co.	100.78
Burns Bros. & Denton / Nesbitt, Thomson & Co. / Royal Bank	100.53
Dominion Securities Corp. / W. C. Pitfield & Co.	100.31
R. A. Daly & Co. / Mead & Co.	100.25
Burgess & Co.	100.07
Harris, Ramsay & Co. / Bank of Montreal / A. E. Ames & Co.	99.65
McTaggart, Hannaford, Birks & Gordon / McLeod, Young, Weir & Co.	99.18

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SEND THE BOYS THE BEST

The Editorial Page . .

The Shape of Things to Come

In many parts of Canada business is approaching or has reached wartime boom proportions. War-stimulated purchasing power has leaped far ahead of taxation or of restrictive government controls. Sales figures in a dozen or more "luxury" lines have risen spectacularly. The last federal budget has seemingly had little or no effect on retail sales.

Government officials insist this cannot go on indefinitely. Ottawa now talks of the need for sacrifices far beyond anything presently considered by the average citizen.

To achieve this will require diversion of a much larger share of purchasing power into government coffers either through war loans or higher taxation. Implicit also in such a programme is the channeling of huge quantities of materials, manpower and supplies from peaceful uses into war production.

At present, very little is being done to prepare citizens for any such changes in the Canadian way of life. We have had a few general restrictions and controls—daylight saving, aluminum pots and pans, etc. Some groups of citizens have been very directly called on to sacrifice by higher income taxes. These are but a taste of what will be required by way of change and sacrifice in personal living habits within the next six to nine months.

Officials at Ottawa who have been giving thought to this on the economic and financial side should take businessmen and leaders of public opinion into their confidence. If business and community leaders were better apprised of what was ahead there would be much less shock and adjustment when the time comes to drastically control and restrict.

Isolated speeches by cabinet ministers are not sufficient to meet this need. There should be an intensive, intelligent effort to inform both the press and business leaders as to the shape of things to come in Canada's war effort.

Health and Patriotism

The time cannot be far distant when Ottawa will take steps to control unrestricted purchases by Canadians in the United States.

Our import figures have been soaring steadily month by month. August imports, for example, were $67.6 millions compared with the $39.4 millions a year ago. This is an increase of 70%. In that one month an extra $28 millions of American dollars had to be found by Canada to pay its U. S. bills. Only last week The Financial Post reported in a special article that Canada's net monthly account with the U. S. was out of balance by as much as $21.5 millions monthly. This is four to five times greater than in normal times.

Since Canada has ceased to publish detailed figures it is not possible to know how much of this change in U. S. dollar account is due to war purchasing and how much is a reflection of increased buying power among Canadians generally. Comparison with other business indices in Canada suggests that Canadians are still spending very large sums on merchandise, on fruits and a wide range of U. S. consumer goods. The 10% import defense tax and the premium on U. S. funds have probably not worried the wives of wage-earner husbands who now find themselves with more money to spend than at any time since 1929.

One item which will unquestionably come in for attention if Ottawa moves to restrict imports from the U. S. will be fruits, out-of-season vegetables, etc. But if Ottawa were to move tomorrow to curtail these imports, thousands of Canadian housewives would be at a loss to know what to substitute. Anxious to be patriotic, they are also determined that they and their families shall be healthy. And good health is as important in war as good patriotism.

An educational campaign on alternative Canadian foods, among women's institutes, home magazines, food experts, cooking schools and so forth would be a good investment. It would meet the human as well as the financial problem of conserving U. S. exchange.

It would help keep Canadians both patriotic and healthy.

Our Platform For Canada

1. Strengthening cabinet leadership by drawing on Canada's best executive brainpower irrespective of political considerations.

2. An inner war cabinet, free from departmental duties, to plan the nation's war effort and to see that the plans are carried out.

3. Appointment of non-political industrial co-ordinator with complete authority to direct procurement of munitions and supply.

4. Pay-as-we-go policy, in so far as consistent with "total" war. Elimination of public and private waste.

5. A national programme for post-war employment and relief problems, along lines of Sirois report.

Winning the war has become the focal point for national and personal effort in Canada. This requires full mobilization of the nation's material and spiritual resources.

To the fullest degree this should be obtained by individual effort, freely made.

Strong national leadership will inspire service and sacrifice that will reduce the need for regimentation and compulsion.

Ottawa is Too Congested Now

Dr Joseph Sirois is now setting up Canada's new unemployment insurance organization at Ottawa.

Erroneously the commission was reported recently to have a staff of 40,000. The correct figure is probably nearer 4,000. But even that is an immense bureaucratic undertaking. It will require one of the largest office organizations in the country to eventually handle the routine of this newest venture in social welfare.

Why should not the head office of the commission be set up elsewhere than at Ottawa?

For one thing, the capital has become a bureaucratic bedlam due to war needs. Every inch of building space has been absorbed. Every available office clerk, stenographer and white collar worker has been pressed into service. To add a new organization greater in magnitude than half a dozen normal departments put together, would further confuse and congest.

But modern warfare has revealed a much more basic reason for decentralization.

Great Britain is the more vulnerable to air attack because one third of her entire population lives in the 10 largest cities. It has become unwise and incalculably costly to concentrate the seat of government, of business, of finance in one congested area. Clearly, one lesson of the present war is that the nerve centres of any nation's life must not all be concentrated at a few congested points.

In Canada, an organization such as the new unemployment insurance commission, might do better, more effective work if it were located in a small enterprising community such as Waterloo, Ontario, which already has a fine insurance tradition and background. Within 150 miles of such a community are to be found almost half the manufacturing industries of Canada. These are people whom the insurance plan is designed to serve and service.

Already in this war the Government has set a precedent in decentralizing wartime control. Head offices of certain government-owned corporations connected with the munitions programme have been set up outside Ottawa.

Establishment of the Unemployment Insurance headquarters other than in Ottawa would be an equally constructive move.

Preparing For a Power Shortage

Canada faces an electric power shortage of at least 250,000 horsepower in the winter of 1941-1942.

This is a serious matter. Electric power is just as essential to war output in Canada as labor. Without it our vital war effort would be seriously curtailed.

Fortunately we are being given ample warning. There is over a year in which to prepare for the emergency. New power stations and transmission lines can hardly be completed before next winter, but if started at once they will be ready to relieve the load by a year from next spring. Even before then they will help, since water reserves for existing plants can be used more freely if new sources of power are assured.

Meanwhile every effort must be made to conserve existing power for the country's war effort.

In a few months the vast new war plants now building will be linked to transmission lines. They will need huge supplies of electric energy. Scores of additions to existing plants will also be calling for more power. By the time Canada's full war production programme gets under way next summer, every kilowatt of energy produced will be needed. By fall, when the demands on power are heaviest there will not be enough for war purposes and civilian requirements too. The latter must be curtailed.

The Government need have no hesitation in asking for this curtailment. Canadians are willing, indeed anxious, to make war sacrifice, once they know and understand the circumstances.

There has been no serious criticism whatever of the continuation of daylight saving throughout the year. Neither will there be any criticism if this measure is extended to all Canada next year.

Other sacrifices suggested from Ottawa, the rationing of electricity for domestic stoves, water heaters, for display signs and store windows, banning of electric boilers, further restrictions on street lighting—these will be accepted in the same spirit if the Government enlists public support and confidence.

Very substantial savings in power can be made in this way. They will have to be made if our industrial war effort is to be uninterrupted.

Editorials in Brief

Community Chest campaigns in nearly two score cities are now under way.

The list of "chest" cities—those which have applied integrated business methods to the organization and financing of private charities—is growing steadily. Through the leadership of a Central Committee of Community Chests and Councils, most of these campaigns have now been concentrated in the period from mid-October to the first week in November.

As Leonard Brockington expressed it in a recent national welfare broadcast:

"The chests have a double appeal claim upon us . . . the generous consideration of our hearts because they are humane, merciful and good. Their organization appeals also to our heads because it is wise, economic and efficient."

* * *

Ottawa Journal minces no words about the threatened strike of 400 workers on naval corvettes. It calls the threat of strike at this time "dangerous nonsense."

The Government, it points out, has adequate powers to stop such a strike and it should not hesitate to use them. As well as a responsibility to see that fair, decent wages are paid, the Government must insist that strikes and lockouts are "out" for the duration.

The Journal goes farther and calls on the Government for something which will sound very familiar to Post readers: a war labor policy that will "not only plan for new workers but which will see to it that present workers stay at work."

* * *

Washington commentators, having already conceded defeat for Wendell Willkie at the polls on November 5, are suggesting that President Roosevelt will name him Commissioner of the National Defense Advisory Board.

Mr. Roosevelt could make no better contribution than to recognize the ability and character of his opponent by naming him to a key post in the U. S. Defense programme, especially if he were to clothe the Board and Mr. Willkie with more than advisory power.

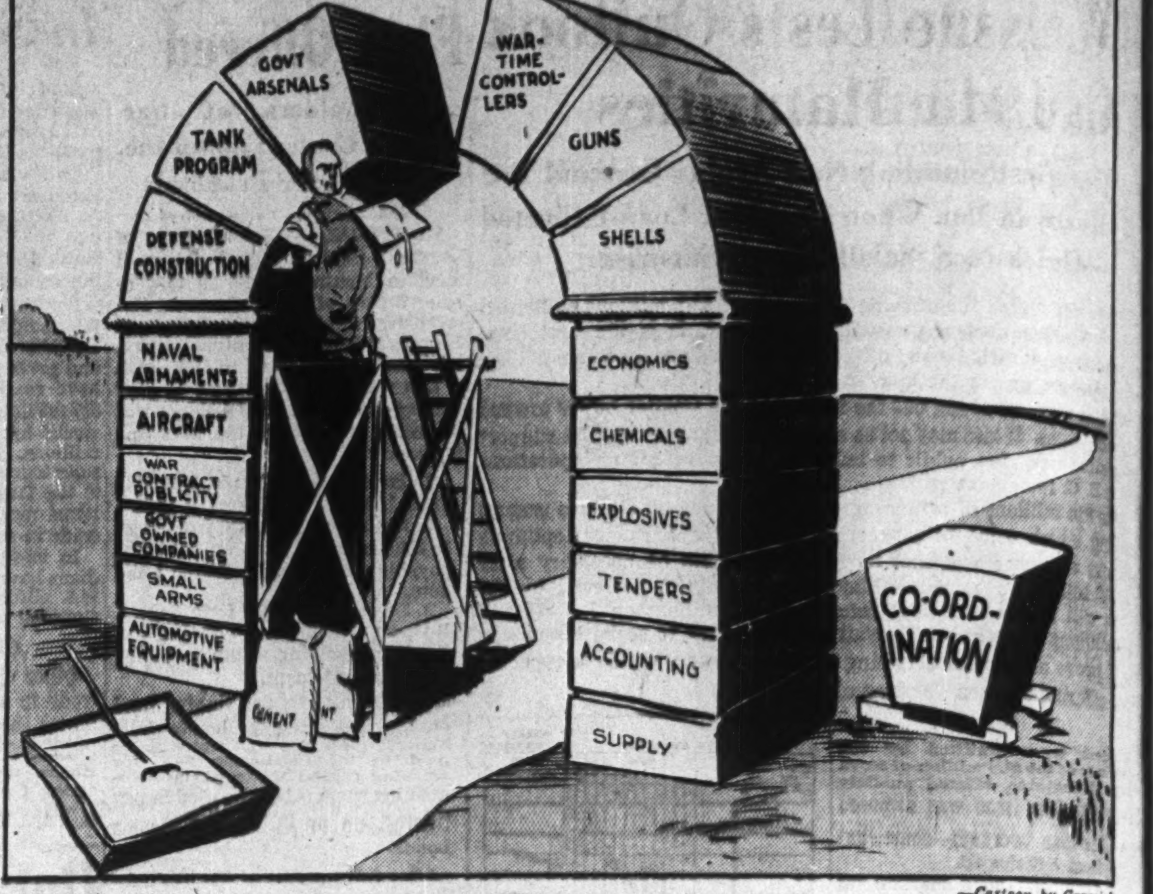
More gestures of this sort, among political opponents, are needed both in the United States and in Canada.

* * *

More and more states in the U. S. A. are using automobile license plates to advertise native attractions and slogans.

From W. A. Jordan of Niagara Falls comes the suggestion that good "reminder" advertising for war savings stamps would be to enlist the co-operation of Canadian provinces in including some sort of a sales slogan on their motor car plates.

For some provinces the suggestion will come too late this year. For others who will be issuing new plates in the spring we pass on this timely suggestion.



THE KEYSTONE IS MISSING

—Cartoon by Grassick.

Post-Scripts . . . .

Editor-Mother

To a Canadian editor and mother there came last week the signal honor of being official representative of Canada at the internationally famous forum on Democracy conducted annually by the New York Herald - Tribune. The forum has attracted the most eminent leaders of thought in the world in the past 10 years. One speaker this year was Hon. Angus Macdonald.

BYRNE SANDERS

The Canadian representative was Byrne Hope Sanders, editor of Chatelaine, Canada's top-ranking women's magazine, which brings inspiration and information each month to a quarter of a million families in all parts of the Dominion.

Byrne Sanders has been Chatelaine's editor for 10 years. She has helped it grow from a great hope and a great ideal to a vital, living force among Canadian homes and housewives. In that period, Byrne Sanders has become a wife and mother herself. Her husband (Frank Sperry) was art director for a sister publication, Maclean's Magazine. They first met when Miss Sanders joined the MacLean organization. Now they have two children and a joint enthusiasm for combining business and homemaking.

Enthusiasm is Byrne Sanders's eternal dynamic.

When she returned from New York this week she was as thrilled as any prima donna at her Forum assignment. She described it as "one of the most absorbing experiences of my life." Every incident, every speech, every attention, every person she met, added something to her enjoyment. The fact that she had a front row centre seat and that out of 20,000 women who applied for tickets only one in five got to the party, made the occasion even more memorable.

Byrne Sanders was born in South Africa. Her father was an Englishman who got his early education at Trinity College, Dublin, then migrated to South Africa to teach school. His schoolteacher's pay enabled him to study law at Rhodes University. Later he practised law and married a girl whose grandparents had migrated to South Africa many years before. Byrne was the eldest of four children.

* * *

In 1910, a tsetse fly scourge brought depression and pestilence to S. A. Mr. Sanders took his family to England. He left them there while he and his wife set out to establish a home in Canada.

A year later Byrne had her first big job at mothering when she was given the job of shepherding her younger brothers and sister across the Atlantic.

Byrne and her sister went to school at St. Mildred's College, Toronto. Later Byrne took her degree and started giving music lessons at Woodstock, Ontario.

Anxious to get into newspaper work she plagued the life out of J. W. Taylor of the Woodstock Sentinel-Review for a job. Getting no satisfactory response she sent him a quiz card asking four questions:

Was there no chance in the world of getting a job?

Was there a slight chance?

Was there a good chance?

Was there a definite chance?

All Mr. Taylor was asked to do was to answer with an "X."

Mr. Taylor shunned the algebraic symbol. He scribbled across the card, "Nothing is sure but death and taxes."

But Byrne finally landed a job and started a women's page. She also did women's articles for the old Toronto Sunday World. Later she came to the T. Eaton Co. with her sister Dora to edit a weekly magazine for the store's customers. Before taking on the Chatelaine assignment she took a turn at editing "The Business Woman."

One of her brothers, Wilfrid, is also a newspaperman. He was at one time editor of The Financial Post's mining department; is now Toronto representative of the Dow Jones organization.

Since war's outbreak, Byrne Sanders's chief enthusiasms have been the Voluntary Registration for Canadian Women of which she is director of publicity; encouragement of a "Buy British" campaign among Canadian women; direction of war work among Canadians and an increased understanding of the part that Canadian handicrafts can play in future handicraft industry of the North American continent.

* * *

Tory Tradition

Two years ago we made a note in this column about the Tory tradition in the Sun Life Assurance Co. of Canada. At that time John A. Tory had been named a director of the company after nearly 45 years spent in its service. We mentioned that John A's second son, "Ted," was following in his father's footsteps as agency assistant of the Toronto Queen branch.

—Milne photo.
J. M. TORY

Last week "Ted" moved one step farther along the road trod by his father and his uncle before him. He was named manager of the company's Toronto Queen branch.

Ted Tory went straight from university into the life insurance business in 1926. This was almost what his uncle, Hon. James Cranswick Tory, a graduate in arts and theology at McGill, had done many decades before. Hon. J. C. Tory ultimately became Lieutenant-Governor of his native province—Nova Scotia.

* * *

Ted Tory's proper name, as many of his friends know, is really James. He was named after his uncle.

The story goes that at the time he was born his nurse nicknamed him Teddy because he was a bad boy. The Torys were then looking after Sun Life interests in Detroit and "Teddy" Roosevelt was the big, colorful dynamo of U. S. politics.

After eight years on special agency work at Toronto office, Ted Tory was appointed to the Toronto Queen branch which he now commands. He is also chairman of the Executive Council of the Institute of Chartered Life Underwriters.

* * *

He Finds Answers

As Canada's vast munitions and supply programme begins to take shape, a lot of big questions keep looming into view.

CARL GOLDENBERG

Can we get enough skilled labor? What about power? What about materials? How far can we go in this direction? Will we strike a bottleneck here?

To help provide factual answers to these and similar questions, Hon. C. D. Howe has hired youthful and able Carl Goldenberg who won his spurs as special adviser to the Rowell-Sirois Commission on municipal finance a few years ago. Since that time Mr. Goldenberg has become something of an adviser-extraordinary to the Manitoba Government. His first western job was to make a special report for the Manitoba Government on the financial and administrative affairs of Winnipeg. Within a few months (June, 1939) he was called back to make a report on all the Government-owned enterprises in the province—telephone, liquor, hydro and similar organizations.

That report is just now being probed and scrutinized by local and provincial boards of trade, newspaper editors and the like. The results, so far, are flattering to Mr. Goldenberg's prowess as a shrewd and practical prober into affairs financial and economic.

* * *

Mr. Goldenberg is a Montrealer. He practised law (nominally) in that city and spent several years on the economic staff of McGill University. Since then he has been busy almost continuously with special investigations for various public authorities. One of his most recent jobs was the chairmanship of an arbitration board to advise Quebec province on a collective agreement affecting the women's dress industry in and about Montreal. His recommendation, which was accepted by the Government a few weeks ago, covered some 8,000 to 10,000 employees in 250 firms, mostly in the Montreal area.

He is adviser on municipal taxation and finance to the Quebec Montpetit Commission and is consultant to the Canadian Federation of Mayors.

At Ottawa, where he has moved "for the duration," he is attached to the economics branch of the Department of Munitions and Supply.

Stop Me If . . . .

"Rufus, did you go to your lodge meeting last night?"

"No, sah, we done have to postpone it."

"How was that?"

"De Grand-All-Powerful-Most-Invincible-Unconquerable Potentate got beat up."

Other People's Views . . . .

The Canadian Editorial of the Week

An Offense Against Canada
Toronto Telegram

Fights between labor and capital are intolerable at the present time. Both are confronted by a more dangerous enemy than either, and until the Hun has been smashed strikes and lockouts that interfere with vital war work cannot be countenanced.

Whatever the merits of the dispute which has closed a Georgian Bay shipyard, the responsibility for the strike lies upon labor. The fact that machinists in Toronto may be getting a little more than those in the Georgian Bay yard does not justify the latter in letting down the men of the fighting forces who are getting much less than either. The calling of a strike after a two-day period during which Government officials were investigating the situation was a deliberate interference with Canada's war effort. The responsibility for that interference should be placed upon the shoulders where it belongs.

The Government has assumed powers to enable it to maintain industrial efficiency. The Government is responsible for exercising those powers in the national interest. It must demonstrate that a stoppage in work from any cause will not be tolerated.

For the strenuous demands which are made upon it in war industry, labor is entitled to a reasonable wage, and the Government should see that it gets it. But the urgency of war work should not be permitted to become the opportunity for excessive wage demands, nor should a stoppage of war work be recognized as a lawful method of pressing demands, just or otherwise.

There can be no right to strike on war contracts unless Canada is to suffer from the disease which destroyed French industry and France. The Government machinery is inefficient if it is incapable of adjusting trade disputes without a loss of production.

* * *

As Others See Us

Independent Journalism

Under the caption "An Independent Press," the Wolfville Acadian pays high tribute to the independence of The Financial Post. The editorial makes timely comment about the need and function of an independent press in wartime.

"Seeing our friend of the New Glasgow Eastern Chronicle make reference to The Financial Post as 'a pronounced Tory organ' reminds us that when the Conservatives and not the Liberals were ruling Canada we once heard as ardent a Conservative as is the Eastern Chronicle a Liberal refer to The Financial Post as 'a Grit paper.' It has been said that there can be no newspaper that is absolutely 'independent' but it seems to us that one which is described by the Liberals as being a Tory and by the Conservatives as being a Grit must of necessity be steering at least a moderately even course.

"We look on The Financial Post as one of the very best of our Canadian journals. True its editorials do frequently criticize the war policy of the present administration, but its criticism seems to be of the constructive variety that as a general thing might be followed with profit.

"After all it is the duty of such a journal to point out errors that the Government, be it Grit or Tory, is making—and particularly at such a time as the present. The policies of the Opposition may be just as deserving of censure, but the Government is responsible for conditions and the Opposition is not.

"As we see it that is the function of an independent press."

* * *

No Reversal Here

Many newspapers in congratulating this paper on its recent special edition "Canada's Industrial Front" have thought they sensed inconsistency in The Post's attitude about the nation's war effort.

A neighboring contemporary, the Brampton Conservator has promptly come to our defense:

"Commenting on the recent magnificent special edition of The Financial Post, titled 'Canada's Industrial Front,' picturing Canada's war effort in action, the Fergus News-Record gives The Post a gentle slap on the wrist. Says The News-Record, 'There's one rather humorous feature about this special edition, which we suppose the editors would pass unnoticed. The Financial Post has been trying for months to impress upon its readers that Canada's war effort wasn't what it should have been.'

"The News-Record's comment is hardly fair. True, The Financial Post did try for months to impress upon its readers that Canada's war effort wasn't what it should be. But it was largely due to the amazing disclosures made by The Financial Post, and some of the splendid suggestions made to the Government by that same newspaper, that Canada's war effort is as large as it is today.

"Anyone who has read The Financial post regularly will have seen that many of the more adequate methods adopted by the Government in recent months came from The Financial Post. It was that newspaper's effort to impress its readers with the laxity in the war effort that led to the nationwide demand that the King Government do something in keeping with the important position Canada holds in the British Empire.

"The special edition of The Post is in no way an admission that it was wrong, but rather a very timely proof that its fine independent campaign has borne the results it deserved."

* * *

Bacon Market Prospects
Charlottetown Guardian

The Financial Post expresses unbounded optimism on the prospects of Canada's bacon industry.

The Post also claims that the price of hogs is rapidly replacing the price of wheat as a barometer of farm prosperity in western Canada. No informed observer expects that hog raising can completely replace wheat in western Canadian economy; but it can help, and the present war, with bacon exports running at record levels and while the new wheat crop is piling up, unwanted, in makeshift storage, makes such a transformation practical.

In this section of Canada, where bacon production is a long established industry, our farmers are handicapped by exorbitant feed rates. They are paying taxes to bonus the storage of grain in the Western Provinces which, but for the high transportation costs, could be used here to great advantage in feeding livestock. This lopsided economy is benefitting nobody, yet it seems impossible to get the authorities at Ottawa to move in the matter.

* * *

The Mail-box

Money For Oil

Editor, The Financial Post:

To date, the potential oil fields of Canada have barely been touched, immense wealth lies ahead.

The development of this wealth will be, as everybody knows, a hazardous and expensive enterprise, for which a tremendous amount of capital will be needed in the next 25 years. This capital will be supplied by the public—the risks will be taken by the public.

It is highly desirable that the public should receive the same amount of protection and the same fair treatment as was gained from the Canadian mining industry. The large mining companies of Canada have set an example and established records that should be given due consideration by the oil companies.

Take, for example, "royalties" financing. It plainly appears that until there is an open and public market, with public quotations, and as long as dealers in royalties will not be satisfied with legitimate commissions, but go on working against the public by taking 15 to 35% profits on these transactions, there will never be a satisfactory state of things in the market.

Not until the whole situation is revised as to oil lands, financing, dividend policies, royalties set up, royalties marketing, etc., will the public take the same active interest as helped establish the mining industry.

Such is the conclusion reached by a group of investors with whom I happen to be closely associated.

SUBSCRIBER,
Calgary, Alta.

* * *

What the Papers Are Saying

The Case For Canada

The Winnipeg Tribune was so impressed with an editorial published recently by its sister Southam paper, the Calgary Herald, that it reprinted it in full as a leading "Guest Editorial." It was entitled: "The Case for Canada."

The concluding paragraphs read:

"History has given the Canadian people great wealth, great power to produce. Such power cannot be neglected forever; sooner or later, if we do not put that power to use, others will come (as they are coming now), to try and take it from us. But if we use it, if we produce and grow strong, they will not dare to approach.

"This is the challenge of Canada. If we accept it, then our place in the world is assured. But if we hold back—if our answer to the challenge is the old futility, the old lethargy, the old dissension—then we shall fall, and fade into obscurity. And historians, writing of this tragedy, will comment that the Canadian people made a wonderful start, but didn't seem to have the staying power."

* * *

Sayings of the Week

"There is room for confidence, there is none for complacency." — *James S. Duncan, Deputy Minister for Air.*

The Financial Post

Member Audit Bureau of Circulations

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Week in Business

War Orders Dominate Canadian Business

Improvement Shown in Financial Post Business Index Figures For All Parts of Dominion — Cooler Weather Helps Retailers

War orders continue the dominating factor in Canadian business. Week by week new contracts placed by the Dominion Government accelerate the pace of industry. In the week ended Oct. 18 contracts were awarded with a total value of $5.5 millions.

Employment continues to expand accordingly.

The improvement in trade and industry has been nation-wide. The Financial Post Business Index analysis for September shows increases in all five economic areas of Canada.

* * *

Construction trades are busy erecting new plants for production of war materials.

These new plants, when completed, will again require more mechanics and operatives, meaning a further expansion in employment.

In some cases, it is said, plans are being made to train women for work they have not hitherto attempted. The Government is being urged to take steps to ensure as far as possible that shortage of labor will not impede production.

Expansion in certain lines of industry is indicated by the 40% increase in workers in the aircraft industry in the last three months. The total is now placed at 11,000. The iron and steel industry is stated to be operating at record levels.

* * *

The wheat situation in the West is believed to be working out better than anticipated. The quantity of grain per acre which farmers were originally allowed to deliver has been increased, with more money thus being made available to the growers.

It is expected that ultimately it will be possible to take care of most of the crop. Meanwhile the embargo placed by the railways on grain deliveries continues. A survey is being made of the storage space available on the lake boats for the winter months when shipping is tied up.

Railway carloadings have been affected adversely by the situation, however. Grain loadings have been lower and loadings of general merchandise have also been curtailed.

Meanwhile, however, wholesale and retail trade continues active. Cooler weather in certain sections of the country has stimulated demand for clothing generally. Hats, caps, furs, etc., have been in better demand, especially in eastern Canada. In the West the temperatures, it is stated, have not been so favorable to movement of these lines. Hardware and builders' supplies are moving well as are plumbing, electrical and heating materials. Grocery and other food stores are busy.

Business Indicators

Current business active, with D.B.S. index of business activity for week ended Oct. 19 higher than year ago, though pulled below previous week by recessions in railway traffic and common stock prices.

Carloadings for week ended Oct. 19 lower than last year. Total for year to date up 10%.

Railway gross earnings for third week of October higher than year ago. Totals for year up 23% for C.N.R. and 13% for C.P.R.

Sea fisheries catch in September higher than year ago, total for nine months up 11%. Landed value lower for month but up 3% for nine months.

Newsprint exports in September 32% above last year.

Electric power output in September slightly above 1939. Total for nine months up 9%.

Cost of living index at Sept. 1 slightly below previous month but higher than in 1939.

Trend of business shown by The Financial Post Business Index and following key factors, new items for the week being marked thus▪.

TREND OF BUSINESS—	Oct. 19	Oct. 12	Oct. 5	Sept. 28	Oct. 21/39
Weekly index of business, D.B.S.	102.5	104.9	105.3	105.3	101.8
Commodity prices index no.	83.3	73.1	83.0	82.9	79.0
	Sept.	Aug.	July	June	Year Ago
The Financial Post business index	*147.4	142.9	139.5	141.7	122.6
Retail sales index no.	....	94.1	89.4	91.9	80.6
Dept. store sales index no.	88.8	89.2	87.5	81.4	86.6
Wholesale sales index no.	....	115.3	105.1	117.6	107.4
Country store (% change pr. yr.)	....	+9.8	+6.2	+8.3	—2.2
EMPLOYMENT Index Nos., D.B.S.	Sept. 1	Aug. 1	July 1	June 1	Year Ago
All industries	131.6	127.9	124.7	120.9	119.6
Manufacturing	138.4	134.4	130.3	129.2	115.3
Wage earners, no. 000's	....	....	2,634	2,568	2,419
▪Living costs weekly budget	$17.82	$17.90	$17.84	$17.72	$16.93
			Jan. 1 to date		%
RAILWAYS—	1940	1939	1940	1939	Change
▪Carloadings (week Oct. 19)	58,931	62,345	2,232,301	2,021,906	+10.4
▪C.N.R. gross week (Oct. 21) $	5,201,981	5,192,453	193,477,650	157,337,017	+23.0
▪C.P.R. gross (week Oct. 21) $	3,913,000	3,583,000	132,753,000	117,090,000	+13.3
C.N.R. net revenue (Sept.) $	3,927,467	6,304,642	27,968,316	6,652,354	+320.4
▪C.P.R. net revenue (Sept.) $	2,985,540	5,321,955	20,289,975	12,705,409	+59.6
IRON AND STEEL—Aug.—					
Pig iron production . (tons)	88,885	65,920	734,436	422.028	+74.0
Steel ingots and castings prod. .... (tons)	172,210	122,019	1,300,033	813,309	+58.6
AUTOMOBILES—(Number)—					
Passenger Cars:					
Domestic sales* .. (Aug.)	2,761	3,672	76,950	64,007	+20.2
Factory output .. (Sept.)	3,410	3,494	80,603	79,642	+1.2
Trucks and Buses:					
Domestic sales* .. (Aug.)	2,271	2,494	21,731	18,025	+20.6
Factory output .. (Sept.)	12,065	427	74,245	30,644	+142.2
Financing:					
Used .... (Sept.) $	3,247,690	2,329,244	32,873,671	27,617,035	+19.0
New .... (Sept.) $	2,017,453	1,793,221	26,102,370	22,084,791	+18.2
CONSTRUCTION—					
Contracts awarded (Sept.) $	52,360,000	19,379,100	247,749,000	150,781,900	+64.5
Cement prod., bbls. (July)	983,000	736,000	3,710,804	2,730,691	+35.9
AGRICULTURE—					
Flour prod., bbls .... (Aug.)	1,291,451	1,382,158	10,081,998	9,310,011	+8.3
Flour exp., bbls. . (Sept.) ‡	550,754	416,553	5,192,380	3,422,504	+51.7
Wheat exp., bush. . (Sept.)	9,499,654	15,641,142	100,470,813	91,008,092	+10.3
Cattle sales▲ ...... (Sept.)	115,444	98,371	788,455	741,429	+6.3
Hog sales▲ .... (Sept.)	413,207	251,261	3,436,840	2,336,167	+47.0
SEA FISHERIES—‡					
▪Catch, cwts. .... (Sept.)	1,031,500	964,400	8,397,850	7,567,850	+10.9
▪Landed value ...... (Sept.) $	1,825,200	1,951,700	14,291,700	13,903,400	+2.7
NEWSPRINT—					
Production, tons ... (Sept.)	282,322	253,230	2,573,605	2,058,899	+25.0
▪Exports, tons ..... (Sept.)	301,292	228,163	2,426,929	1,878,942	+29.2
MINING AND OILS—					
Coal prod., tons .. (July)	1,227,967	1,093,542	9,455,368	7,909,811	+19.5
Coal imports tons . (July)	2,398,461	1,590,973	9,125,592	5,456,919	+67.2
Gold prod., fine oz. (July)	456,626	439,925	3,028,668	2,929,894	+3.3
Crude oil prod., bbl. (July)	877,133	899,169	4,558,162	4,270,407	+6.7
Crude oil imp., bbl. (Aug.)	....	....	25,834,800	22,902,000	+12.8
ELECTRIC POWER OUTPUT—(September)—					
▪Total monthly, 1,000 kw.h.'s	2,399,678	2,380,652	22,483,592	20,623,780	+9.0
FOREIGN TRADE—♦					
Imports .... (Aug.)	96,835,858	62,708,079	682,432,876	441,767,448	+54.4
Exports .... (Aug.)	111,359,571	76,475,742	766,533,773	561,583,507	+36.5
OTHER INDUSTRIAL FACTORS—					
Dressed lumber exp.: 1,000 bd. ft. .. ... (Sept.)	276,912	216,480	1,788,363	1,579,885	+13.2
Shoes, prod., pr. .. (Aug.)	2,382,680	2,453,069	16,969,649	15,536,833	+9.2
Cotton consump., lb. (Sept.)	14,286,921	11,357,757	142,218,479	85,825,455	+65.7
Raw rubber imp., lb. (Aug.)	9,987,073	4,553,281	62,022,360	40,749,354	+52.2
Cigarette cons. No.† (Sept.)	597,291	584,758	5,563,072	5,274,644	+5.4
Sugar manufactured .. lb.‡	71,339,246	71,827,680	620,345,592	561,108,548	+10.5
FINANCE—					
Bank debits† ...... (Sept.) $	2,571,236	2,831,651	24,653,180	22,731,224	+8.4
Bond sales† .... (Sept.) $	400,972	50,846	1,742,945	1,036,510	+68.1
Life insurance sales (Sept.) $	26,156,000	34,252,000	267,381,000	269,033,000	—0.6

*D.B.S. All Canada figure covering over 90% of the Canadian total.
†000's omitted. ‡For four weeks to Sept. 7, 1940. ♦Gold excluded.
‡Unrevised figures covering N.S., P.E.I., N.B., Que., B.C. *Preliminary.
▲Total at yards and plants.
New items for week marked ▪

Prairie Relief On Decline

Four Cities Report 8,564 Drop in Total of Recipients

From Our Own Correspondent

REGINA.—Prairie relief costs are sliding down in rural and urban areas. Four cities, Winnipeg, Regina, Saskatoon and Moose Jaw report a total reduction of 8,564 in recipients compared with a year ago.

Winnipeg has 2,164 off relief rolls when last year's figures are compared. Regina 3,000, Saskatoon 2,500 and Moose Jaw 900. If similar Alberta figures were available the total crop would easily top the 10,000 mark.

Rural Relief Costs Cut

In Saskatchewan rural areas the picture is as pleasing. Actual numbers are not available but relief authorities report the amount of cash spent on rural relief in September of this year as 50% less than in the same month last year. Relief costs in rural Saskatchewan for the year ended Aug. 31 this year are estimated at $5 millions.

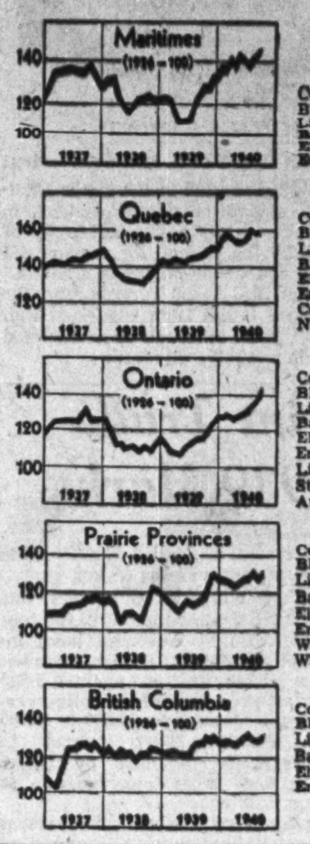
Canada's war effort is one, and probably the chief, factor in the reduction. A considerable amount of airport work is taking place, and the influx of airmen for training has increased the spending capacity of the respective communities.

Business generally is holding up well in spite of the fact wheat deliveries are curtailed by order of the Wheat Board. One estimate, at October 15 rated deliveries at 10% behind normal, which is not a great deal.

Business Shows Expansion In All Economic Areas

Business showed expansion in each of the five economic areas in Canada in September, compared with Aug., 1940, and with Sept., 1939. The greatest improvement in both comparisons was shown in Ontario, where most items which go to make up the index were higher.

Employment rose in each of the five areas over the previous month and last year. Construction was considerably heavier in Ontario and the Prairie Provinces.



Trend of Business in Economic Areas

	Sept. 1940	Change from 1939 %	Aug. 1940
Maritimes:			
Constr. contr. .... $	1,733,000	+13.9	3,868,000
Bldg. permits .... $	378,000	+145.5	700,000
Life ins sales . $000	2,237	—14.7	2,195
Bank debits $000,000	62.7	+8.8	64.4
Elec. pwr. kw.h.000	67,504	—10.7	74,868
Employment*	128.2	+8.7	127.3
Index	147.9	+14.2	143.8
Quebec:			
Constr. contr. .... $	3,672,000	—34.0	17,683,000
Bldg. permits .. $	2,425,000	+182.6	2,960,000
Life ins. sales . $000	7,465	—16.1	6,969
Bank debits $000,000	716	—12.9	724
Elec. pwr. kw.h.000	958,762	—2.2	1,022,598
Employment*	142.8	+13.0	136.4
Cotton consump. lb.	14,286,921	+25.8	16,200,326
Newsprint prod. tons	282,322	+11.3	316,607
Index	160.0	+8.2	159.9
Ontario:			
Constr. contr. .... $	24,744,000	+238.5	10,757,000
Bldg. permits ... $	5,158,000	+145.3	5,559,000
Life ins. sales . $000	11,021	—24.7	9,980
Bank debits $000,000	1,093	—1.9	1,167
Elec. pwr. kw.h.000	854,036	+3.8	874,007
Employment*	140.9	+16.1	134.8
Livestock slaughter.*	206.2	+35.8	190.3
Steel production tons	164,400	+32.2	172,210
Auto. prod. .... no.	15,473	+294.6	13,893
Index	144.3	+21.8	137.9
Prairie Provinces:			
Constr. contr. .... $	19,024,000	+1,297.8	7,639,000
Bldg. permits . . $	1,302,000	+173.8	1,380,000
Life ins. sales . $000	2,987	—41.2	3,206
Bank debits $000,000	531	—20.6	384
Elec. pwr. kw.h.000	156,838	—8.7	154,098
Employment*	118.1	+1.5	117.0
Wheat receipts . bu.	101,620,000	—43.0	35,186,000
Wheat prices**	71/3	—3.0	72/2
Index	131.5	+4.2	128.8
British Columbia:			
Constr. contr. .... $	1,087,000	+6.2	819,000
Bldg. permits. . . $	752,000	+36.7	936,000
Life ins. sales $000	1,971	—27.4	1,763
Bank debits $000,000	168.3	+0.5	177.9
Elec. pwr. kw.h.000	175,553	+3.3	182,436
Employment*	127.8	+7.7	136.7
Index	132.3	+0.9	129.9

*1926 equals 100.
**Cents and eighths of a cent per bushel.

Steel Wares Sales Higher

Government Business Keeps Plants Operating at High Level

From Our Own Correspondent

MONTREAL. — General Steel Wares' sales continue to run ahead of a year ago by a substantial margin, according to a statement released by Vice-president F. S. Corrigan.

Sales to the end of September showed an increase of 14.5% over a year ago while sales for the first three weeks of October were up by over 11%.

At present the company has more than $1 million of unfilled government business on its books and Mr. Corrigan added that from 7% in the early part of the year government business has now risen to account for approximately 15% of the company's total sales volume.

May Expand Plant

Operations are at capacity at all the company's plants and it is possible that additional plants may have to be constructed.

General Steel Wares has not only declared the quarterly dividend on the preferred stock, but also a cumulative participating dividend of 19 cents a share in respect to 1939. Both payments will be made on Nov. 20 to shareholders of record Nov. 8.

Plan B.C. Output Copra-Soya Oils

From Our Own Correspondent

VANCOUVER.—A new industry for Canada's west coast—the production of vegetable oils from copra and soya beans—is planned at a $250,000 plant to be built near New Westminster.

The company is headed by Sir William Carpenter of Sydney, Australia, who operates a shipping line as well as various other industries in the South Pacific. E. E. Buckerfield, Vancouver grain man; Ralph Campney, K.C., former chairman of Canada's National Harbors Board; E. F. Riddle, Vancouver, and John Raymond of San Francisco, are among the directors.

The proposed plant, to be in production by Feb. 1, will handle about 2,000 tons of copra per month from the South Seas and produce about 1,200 tons of oil. Chief markets will be Canada and the British Isles.

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Keeping Posted . . .

By J. C. KIRKWOOD

"Hurray! I've Lost My Job!" is the title of a truly excellent article in Chatelaine for November—so good, in my judgment, that I expect it will be reprinted in the Reader's Digest. Author is Anne Ellis. Anne is a married woman, aged 40, and "went to business" every day.

"Three months ago I lost my job, and it was the grandest thing that's happened to me in a decade. I didn't think so at the time. There were a dozen reasons why my salary was a vital necessity to our home. After 10 years of working though married, I was so conditioned to the idea that I never even hoped to stop. My salary had been $80 a month. When I got it down in figures, nearly all my precious $80 went back into the "high-cost-of-working fund."

JOHN C. KIRKWOOD

Anne, at home, could economize. Her first saving was her maid's wage—$15 a month. "By dismissing her I'd reduced my real earnings in effect to $65." Similarly Anne reduced her monthly wage of $80 to $35. Then to $28. Then to $17. "I'd really been working for $17 a month!"

* * *

Home Renovation

Organized effort is under way in Canada among our farmers and others to promote home renovation—this by the Canadian Institute of Plumbing and Heating. This institute has a Marketing Committee under the chairmanship of G. R. Beatty. Editors of farm papers and others have asked insistently for "before and after" pictures of improved farm kitchens and bathrooms. All told the Marketing Committee has released 39 leaflet articles under the general title, "Here's Real News for Your Readers," dealing with every phase of plumbing and heating renovation. Also there have been prepared special articles for technical publications. These releases have been supplied to more than 250 Canadian newspapers.

* * *

The Car Lowdown

If you want to get a great deal of authentic information about the 1941 models of all the makes of cars, then by all means consult the current issue of Canadian Automotive Trade. Each make of car is minutely dealt with, and there are scores of illustrations to help you understand everything the better.

* * *

"Patent Dishonesty"

Several weeks ago I had something to say about a new monthly class paper, Timber. I said that I liked it. I had some complimentary things to say about it. Yet I was not wholly happy over the circumstances that it is a "sponsored" newspaper, financed and published by three trade associations representing the timber interests of Canada.

I urged the view that trade papers render their best service to all concerned when they are independently owned and published, with freedom to express views and to advocate policies and procedure which may not be pleasing to "interests."

Now I learn that what I said was reprinted, in part, and was sent out to advertisers from an undisclosed source—not, we may assume, by the publishers of Timber. Omitted from this reprint were the complimentary things said by me, so making what was mailed appear to be a "knock" of the new publication.

I feel that both The Post and myself were done a disservice by the distribution of a reprint which was "edited"—or mutilated—to make it play somebody's game and which went out in a plain envelope with no indication of the senders.

The distortion of an article, by omissions, with the intention of misleading or deceiving readers, is patent dishonesty. Its anonymous distribution but adds to the sin of its distributors.

* * *

Co-operative Profits

Thirty-five years ago was founded a co-operative retail drug business in Toronto. The co-operators numbered 14. Today this original group has expanded to 1,058 associated retail druggists, who are federated into the Drug Trading Company.

These individual retail druggists retain their independence; they are joined merely for the purpose of obtaining their merchandise on advantageous terms and at advantageous prices.

At the recent semi-annual meeting of the Drug Trading Company, sales of $3½ millions for the six-months' period were reported. That means the average annual purchases per druggist from Drug Trading amount to approximately $7,000. Members are free to buy from any supply house or manufacturer. But from Drug Trading members get, semi-annually, a cheque for an amount equal to 10% of the amount of their purchases, a very nice chunk of "found money."

In the current issue of Drug Merchandising is the spirited semi-annual meeting address of W. W. Stephens, managing director.

* * *

Trade Romance

War has given Canada an opportunity to increase its export trade—thanks to the British and Canadian navies. In Hardware and Metal is information regarding the value and destinations of a variety of hardware commodities as exported from Canada in the calendar year ended 1939. Much of Canada's binder twine went to the United States; Canada's best customer for pipe and tubing and of iron and steel was New Zealand. The United Kingdom was a big buyer of barbed wire. Wire screen of iron went in largest quantity to British South Africa. British India was largest buyer of woven wire fencing. Canada was a large exporter of razors and razor blades, the best customer being Australia. Wire nails were bought largely by the United Kingdom. Canada makes needles and the United Kingdom was the best customer for them. Canadian skates went to the United Kingdom, Newfoundland, Australia, France and Switzerland. Australia was the largest buyer of axes and tools. South Africa was the best customer for stoves and heating apparatus other than electric stoves. The United Kingdom was the largest buyer of paints, with Newfoundland and South Africa ranking second and third. Paint was exported in 1939 also to Belgium, China, Colombia, Cuba, Mexico, Netherlands, Dutch East Indies, Norway, Peru, Sweden and Venezuela.

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Pulp and Paper Industry

Appoint Commission To Investigate Abitibi

An entirely new slant was given to the long drawn-out fight over Abitibi Power & Paper Co. when Premier Hepburn of Ontario announced appointment of a Royal Commission to investigate the whole affair.

Ontario's action, says Mr. Hepburn, is taken "in view of the apparent inability of the company to effect a reorganization." The Government "is of the opinion that it is in the best interests of all parties that the Order-in-Council of March 9, 1939, should be rescinded."

The Order-in-Council to which Mr. Hepburn referred is that whereby timber and water power concessions granted under the agreement dated June 24, 1937, were extended to April 1, 1940. If the company was not taken out of receivership by the latter date, then the Order-in-Council could be rescinded on six months notice.

The Royal Commission appointed by the province consists of Mr. Justice Charles P. McTague of the Supreme Court of Ontario as chairman, and Sir James Dunn, president of Algoma Steel Corp., and A. E. Dyment, chairman of the board of Canadian General Electric Co.

Hearings Start Promptly

The commission is to start its hearings on Nov. 4 in Toronto. Sittings will be public, it is announced, and anyone having any statement or information to give will be afforded an opportunity.

Premier Hepburn's announcement stated that the commission has been appointed "for the purpose of considering the whole matter and recommending to the Government a plan of reorganization which will be equitable to all interests concerned."

This step was hailed by spokesmen for equity interests but received by the bondholders group with far less satisfaction. To the former it appeared to be at least a reprieve from complete loss of their investment. To the latter it seemed to be an unjustified delay in the legal steps initiated to permit them to realize on their defaulted loan.

Sale Plan in Doubt

What bondholders will do with regard to their plans for a judicial sale of Abitibi assets has apparently not yet been decided although probability seems to favor a delay until the commission has completed its hearings. It is by no means certain as yet, however, that the bondholders will not renew their application for sale in the near future.

Exactly what measures can be used to bring about any reorganization plan which the new commission finds acceptable and recommends to the Government is not altogether clear. Probably the province could resort to its powers of control of timber limits and water powers to persuade opposing interests to accept whatever scheme may be worked out.

The province's move is generally seen as a recognition of its responsibility, as urged more than once by The Financial Post, and an effort to arrive at a reasonable solution.

Osler Plan

Another plan for reorganizing Abitibi Power & Paper Co. has been offered by A. E. Osler & Co., members of the Toronto Stock Exchange. Gordon Taylor, partner in the firm, says that the plan has been sent to the various Abitibi committees.

A feature of the Osler plan is that interest on unpaid interest is not considered in arriving at the total bondholders' claim. This keeps the bondholders' claim down to $67.6 millions at Dec. 31, 1939. This contrasts with G. T. Clarkson's figure for the bondholders' claim at the same date of $71.5 millions.

Under the Osler scheme, bondholders would get $1,000 in new 5% income bonds, plus 12 shares of new common for the total claim for interest and principal of each $1,000 present bond.

For Shareholders

To each holder of a 7% preferred share would go 1½ new common shares. The 6% preferred would get ¾ of a new common share for each share held; and the common, 1/30 of a share of common for each present share.

This would give bondholders all the new 5% income bonds and 64.93% of the outstanding common. The remaining outstanding common would go 1.68% to 7% preferred holders, 29.33% to holders of 6% preferred, and 4.06% to common shareholders.

Capitalization of the new company would be $48.3 millions of 5% income bonds, and 1 million shares of no par value common of which 892,068 shares would be issued on the basis of $20 a share.

Interest requirements for the new bonds would be $2.4 millions and a sinking fund to begin 1940 is suggested of 1% of bonds outstanding for the first five years, and increasing ¼% each year to a maximum of 3%. This sinking fund would be subject to postponement at the discretion of the board of directors. No dividends would be paid on the common until one full year's interest and sinking fund requirements had been set aside.

Capital Invested Nears $600 Millions

Over $595 millions of capital is invested in the Dominion's pulp and paper industry, represented by 99 pulp and paper mills, according to the Bureau of Statistics.

Quebec leads not only in number of plants but in a capital investment of $311 millions, followed by Ontario with $175 millions; British Columbia $47 millions and other provinces $62 millions. The latter group includes plants in Nova Scotia, New Brunswick and Manitoba.

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Third Quarter Showing Reveals Expansion of Earning Power

From Our Own Correspondent

MONTREAL. — Sharp expansion in earning power is indicated by an interim statement issued by Fraser Companies. Consolidated income for the third quarter of 1940 amounted to $750,738, as against $487,253 for the like period a year ago. After all charges, there was a net income available on the capital stock, before providing for income and excess profits taxes in Canada and the United States, of $272,810. This contrasts with a profit, on the same basis, of $3,810 in the same three months of 1939.

The upturn in earnings since the half year is reflected in cumulative results for the nine months ended September 30. In that period gross revenues amounted to $2.2 millions as against less than $1 million for the like period of 1939. Net profit before income and excess profits taxes, totalled $746,055, as against a loss last year of $443,728, indicating a net improvement of nearly $1.2 million.

The interim statement indicates that the company has not only been able to reduce its ordinary bank borrowings, but also the special loan. No change is indicated in outstanding bonds.

Subject to Revision

In connection with these figures, it is emphasized they are reported before providing for the substantial amount which will be required for Dominion, provincial and United States income taxes, as well as the Dominion and U. S. excess profit taxes. It is also pointed out that in the interim statement to Sept. 30, provision for depreciation has been charged at substantially the same figure as a year ago. It is possible that the rate of depreciation for the entire year will have to be increased to compensate for the increased rate of operations.

Comparative figures on the consolidated income follow:

Income Account
Three Months Ended Sept. 30

	1940	1939
	$	$
Gross earnings	750,738	487,253
Less: Bonds & other int.	9,424	14,397
Special loan int.	17,034	21,252
Bond interest	187,763	179,871
Depreciation	263,706	267,923
Net income†	272,810	3,810

†Before income and excess profits taxes.

Nine Months Ended Sept. 30

	1940	1939
	$	$
Gross earnings	2,220,444	993,983
Less: Bond & other int.	35,208	42,389
Special loan int.	51,007	63,695
Bond interest	570,581	542,339
Depreciation	817,592	789,289
Net income†	746,055	*443,728

*Loss.
†Before income and excess profits taxes.

U. S. Paper Mill Activity Is Below 1939 Level

From Our Own Correspondent

MONTREAL.—Rate of production in the U. S. paper industry, excluding paperboard, shows no change so far this October, being 89.2% of capacity, according to reports by the American Paper & Pulp Association. For the like period a year ago, operations were at 98.6% of capacity.

JULIAN SMITH MEDAL FOR ACHIEVEMENT

To perpetuate the memory of the late Julian C. Smith, former president of the Engineering Institute of Canada and at the time of his death president of Shawinigan Water and Power Co. and an outstanding citizen in many fields of endeavor, a foundation has been set up by a small group of senior members of the institute to be used by the council for a memorial medal to be awarded "for achievement in the development of Canada." The medal was designed by Emanuel Hahn, R.C.A., of Toronto, and the dies prepared by the Royal Mint in London. It has been suggested that several awards be made for the inaugural year, although it is intended that not more than one award will be made annually thereafter.

Overseas Newsprint Trade To Date Passes 1939 Mark

From Our Own Correspondent

MONTREAL. — Detailed figures now available on Canada's overseas newsprint export trade in September show the gain of 27,000 tons over that reported for September, 1939, was due largely to heavier shipments to Australia, British India, Mexico and South American countries.

To the end of September overseas shipments of Canadian newsprint total 501,985 tons. This is greater than for all of last year and compares with 361,766 tons for the first nine months of 1939.

Most interesting feature of the cumulative returns is the purchase by South American companies of 114,558 tons, as against 27,423 tons in the first nine months of last year.

United Kingdom purchases this year have declined about 65,000 tons while those of Australia have increased 31,000 tons. British India has taken 17,148 tons as against 1,625 tons last year, while Mexico increased its purchases from 29,000 to 18,000 tons. Another sharp increase in purchases is recorded by China which took 15,024 tons up from 83 tons a year ago.

Detailed returns on the overseas trade for September and the nine months ended September for 1940, with comparative figures for 1939, follow:

CANADIAN NEWSPRINT EXPORTS
(In short tons)
Source: Dominion Bureau of Statistics

	September 1940	September 1939	Nine Months 1940	Nine Months 1939
United Kingdom	20,901	17,217	100,586	165,628
Eire (Irish Free State)	569	617	7,103	8,862
Australia	9,059	2,682	140,434	109,540
New Zealand	2,810	5,654	23,020	21,535
British India, Burma & Ceylon	3,683	1,597	17,148	1,625
British South Africa	2,440	4,486	29,851	22,561
British West Indies	359	155	2,504	812
Other West Indies	39	31	1,635	1,486
Argentina	5,539	6,711	64,514	14,857
Brazil	1,836	146	24,938	437
Chile	143	....	6,500	......
Peru	120	....	5,493	......
Uruguay	466	....	6,106	......
Venezuela	384	650	3,007	1,879
Other South America	668	48	4,000	250
Central America	431	318	2,619	748
Mexico	4,997	....	18,600	29
Cuba	1,207	417	10,123	6,305
China	723	22	15,024	83
East Indies	221	109	8,025	1,224
Philippines	....	268	2,116	1,292
All others	2,199	312	8,639	2,603
Total overseas	58,844	41,440	501,985	361,756
U. S. A.	242,448	186,723	1,924,944	1,517,186
TOTAL EXPORTS	301,292	228,163	2,426,929	1,878,942

St. Lawrence Group Reports Sharp Advance in Earnings

From Our Own Correspondent

MONTREAL.—Consolidated earnings of Brompton Pulp & Paper Co., controlled by St. Lawrence Corp., for the nine months ended Sept. 30 last totalled $1,087,130 before depreciation and income and excess profits tax. In the like period of the previous year, and on the same basis, operating earnings totalled $380,517.

Profits on U. S. exchange included in the above figures amounted to $124,974 for the nine months period, compared with $13,793 in the same period for 1939.

Paper Mills Do Well

St. Lawrence Corp.'s other subsidiary, St. Lawrence Paper Mills, reports earnings in the nine months ended Sept. 30 of $1,288,765 before providing for depreciation or excess profits tax. Included in these earnings was $446,180 profit on U. S. exchange.

This compares with earnings of $538,517 in the corresponding period a year ago, when profit on exchange amounted to $27,487.

It is hardly likely that this rate of earnings will be maintained in the last quarter of the year. Present indications are that there will be a moderate decline in production and shipments. Nevertheless the returns should be well above the last quarter of 1939.

Depends on E.P.T.

On the whole it is anticipated that earnings of Brompton and St. Lawrence Paper Mills for 1940 will be the best reported for some years, but the extent of the increase will be governed by the amount which the company may have to pay in excess profits tax.

It is known that certain members of the industry have approached the Commissioner of Income Tax with a view to securing a ruling on their company's position as pulp units in the depressed industry, but to date have not received any satisfaction.

Hearst's Newsprint Debt Unchanged at $11 Millions

From Our Own Correspondent

MONTREAL.—Financial relations between Hearst newspapers and Canadian newsprint manufacturers have not undergone any change this year. Current purchases are on a more or less cash basis—payment 30 days after deliveries.

In all Hearst owes the Canadian operators just under $11 millions, of which about $1¼ million is on current account and the balance carried over from past years. The latter debt is covered by 5% demand notes secured by collateral considered to be in excess of the amount involved.

Just how good the collateral is remains a matter of opinion. Those companies carrying the notes refer to it in their financial reports with an auditor's note worded as follows: "In the opinion of counsel of the company the debt is secured jointly with others under certain indentures of pledge on various Hearst assets. We are not in a position to express an opinion as to the ultimate value of this indebtedness."

Reports on Hearst operations are of a more encouraging nature. There is no indication at this time, however, of any immediate plans to reduce the term indebtedness by retiring some of the notes.

White Valley Chemicals Elects Directors

Directors and officers elected at the annual meeting of White Valley Chemicals Ltd. included J. M. Firth, president; J. R. L. Starr, vice-president; A. W. Augustine, secretary-treasurer; W. H. Hubbard, plant manager; H. W. Ackerman, L. Cummings, G. H. Potts, E. Watts, A. J. Cundick.

The company is engaged in mining calcium carbonate near Bobcaygeon. Ont. Average production is reported by A. W. Augustine, secretary-treasurer, at 15 tons daily at present. Mr. Augustine also states selling arrangements have been made with "a firm of long established chemical distributors." Sales also are reported to rubber, paint and paper manufacturers.

Powell River Co. Has New Product

From Our Own Correspondent

MONTREAL.—Powell River Co. has commenced production of building paper. Five grades are being manufactured. The first grade is extra strong and of a heavy kraft construction, combined with uniform film of asphalt. The second is a medium strength sulphite kraft paper. The third is a standard strength sulphite paper. The fourth is a ready-colored vapor-proof bufftoned inside sheathing and the fifth is a medium weight vapor-proof board sheathing made from four sheets of heavy paperboard cemented together with three layers of asphalt.

I. P.'s Profits At New Mark

Prospects of Substantial Earnings on Common Look Promising

From Our Own Correspondent

MONTREAL.—Earnings of International Paper & Power Co. for the first nine months of 1940 are estimated at around $10 millions, or more than the company has earned in any recent year in its history. This would compare with only $745,301 earned in the first nine months of 1939.

Operations and earnings showed some recession during the third quarter as compared with that for the first half of the year. Indications are that profits for the last three months will probably be somewhere between $3 millions and $4 millions.

Preferred dividend requirements for the quarter called for $1,157,619 so that the balance should be equal to $1 or more a share on the 1,823,269 shares of common stock. However, accumulations on the preferred stock amount to $12.50 a share on the 925,935 shares outstanding.

Net of $10 millions for the nine months would be equal, after preferred dividends for the period, to $3.50 a share.

Great Lakes Net Soars

Shows Tenfold Jump — New Timber Limit Deal More Favorable

A tenfold gain in net profit, before provision for income and excess profits, taxes, is reported by Great Lakes Paper Co. for the eight months ending Aug. 31, 1940, as compared with the corresponding period of 1939.

In a letter to shareholders, W. Earl Rowe, president, points out, however, that profits for 1940 will be subject to a minimum tax by Dominion and Provincial Governments of 35%. Until the basis for standard profits of newsprint companies has been determined by the Minister of Finance for the purpose of the excess profits tax, it is not possible to estimate the necessary provision for taxes on 1940 earnings.

Comparative income figures for the two periods follow:

Income Account
Eight Months Ended Aug. 31

	1940	1939
	$	$
Oper. profit, after selling, adm. & gen. exp.	1,221,174	569,846
Less: Bond interest	200,000	204,020
Depreciation	304,000	299,680
Net profit before inc. & excess profits tax.	717,174	66,146
Times Bond Interest Earned:		
Before deprec.	6.11	2.79
After deprec.	4.59	1.32

New Agreement

Mr. Rowe reports that a satisfactory agreement was reached with the Ontario Department of Lands and Forests with regard to timber concessions. A new agreement, dated March 14, 1940, gives the company a 21-year lease, with provision for renewal for another 21-year period, of timber areas considered adequate for the future operation of the mill.

The location, type, quality and quantity of timber now held, as well as rates of dues and bonuses, are substantially more favorable to the company than those held under the annual licenses and agreements formerly governing the company's supply of raw material.

Capital Expenditures

Plants at Fort William have been maintained in a high state of operating efficiency. Capital expenditures recently made have further increased mill efficiency and given a substantial reduction in costs. The 1940 programme includes installation of bark pressing equipment and changes in the boiler house to utilize the fuel value of bark waste.

Improvements were made in the sulphite mill to increase pulp yield from cooking operations and improve quality. Capacity of the newsprint warehouse has been increased 50%, permitting further reduction in transportation costs by making available an increased volume of newsprint tonnage for water shipment.

Manufacturing costs for newsprint this year has been substantially below comparative period of 1939 in spite of higher cost for labor, materials, and supplies.

The company exports its entire output, adding approximately $6 millions to Canada's foreign exchange purchasing power.

The "doubled up" are now undoubling

The first impulse of the re-employed is the desire to have separate homes, and those who, for economy's sake, have been "doubling up" are once again resuming their former individual status. This naturally creates a market for all sorts of household commodities. In Toronto, retail business is feeling a distinct lift due to industrial re-employment. At any time it is Canada's richest consumer market—today it is greatly enhanced and the obvious approach is through the advertising columns of daily newspapers. And—

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Pine Falls, Man. Smooth Rock Falls, Ont.
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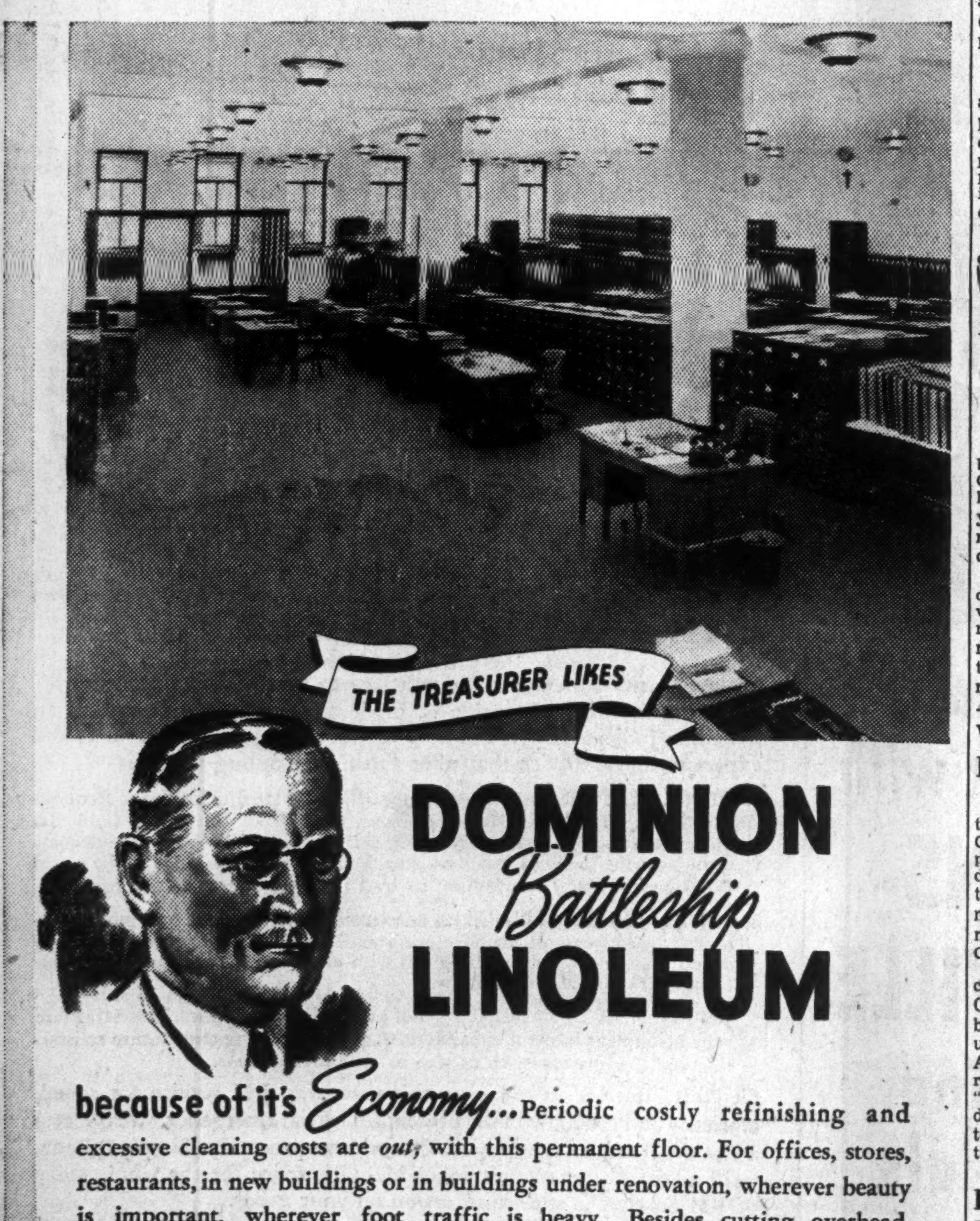

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Canada Northern Power

My mother holds a few shares of preferred stock of Canada Northern Power Corp., and I would like to have a report on earnings of the company, especially as they apply to the preferred stock.

Canada Northern Power Corp.'s interim reports for this year are not as favorable as those for 1939. While the number of power customers has increased and power output maintained, low rates and higher taxes have had the effect of reducing net income. The decline to the end of August amounted to $205,463, which had the effect of reducing the dividend on the common stock from 30 cents to 23 cents a share quarterly. The position of the preferred stock, on the other hand, does not call for any uneasiness. Last year the company earned $20.74 a share, as against dividend requirements of $7 a share. However, it might be pointed out that the decline in the operating revenue of $205,000 for the eight months ended Aug. 31 was equivalent to nearly $4 a share on the earnings available for distribution on the preferred.

United Corporations

Would you kindly be good enough to give me a report on the position of United Corporations Ltd., of which I hold some of the bonds and stock.

United Corporations Ltd., which is the successor company to the old Consolidated Investment Corp. of Canada, has steadily improved its position since coming into being in 1933. Revenues have improved to a point where the bond interest has been covered at an average of better than 1.85 times in each of the last four years. The equity behind the bonds has improved also and the position of the company can be considered satisfactory in view of the general financial situation.

Burns & Co.

How has Burns & Co. been doing lately? What are the chances for improving business?

Burns & Co. has been aided this year by the much-increased supply of hogs for processing which has been available in the Canadian West and by the favorable market outlet in the United Kingdom.

In 1939 the company experienced a considerable increase in sales in both Canada and England. As a result operating profit amounted to $385,870 compared with $162,067 in 1938. With continuation of the conditions prevailing late last year it is reasonable to suppose that 1940 will show further improvement.

Last year the company earned interest on its 5% bonds 1.63 times before depreciation and 0.64 times after depreciation. So long as present conditions obtain, Burns & Co. should continue to enjoy considerable prosperity.

The company did not provide sinking fund payment on its bonds, which was due Jan. 1, 1940, because of uncertainty of business conditions in time of war.

"Excess" Profits Tax

As an American holding Canadian stocks can you tell me if the "excess" profits tax is now in effect, and if so what its provisions are? I understand a board of referees will have authority to make special allowances for a company earnings of which were abnormally low in recent years.

Parliament at its June session this year passed a revised "excess" profits tax which is now in effect. It provides for a minimum 12% "excess" tax, or 75% of the amount by which taxable income may exceed the average taxable income for the years 1936 to 1939 inclusive. The company must pay the larger of these two rates.

One effect of the new Act is that the actual minimum Dominion corporation income tax rate becomes 30% in the case of non-consolidated returns, or 32% if returns are made on a consolidated basis. The former tax, which was revised in June, provided for a graduated scale, but this is no longer true.

There is a provision whereby "depressed industries" may ask for special consideration from a board of referees wherever earnings during the base period are considered to have been below a normal average. If this claim is allowed, these companies will be permitted an exemption income of from a minimum of 5% to a maximum of 10% on productive capital invested. Any firm which considers it has a case to present to this board of referees can do so.

Maple Leaf Milling

Has Maple Leaf Milling outstanding bonds payable in U. S. funds? If so, will you advise if they are paying in Canadian funds only; whether or not they are adding the exchange premium; and whether or not they have absorbed the 5% Dominion tax?

Originally the bonds of Maple Leaf Milling Co. were payable at the holder's option in Canadian gold coin or its equivalent in Canada or at the holder's option in U. S. gold coin or its equivalent, or in sterling at the fixed rate of $4.86 2/3 to the £1. Interest due June 1, 1933, was paid in Canadian funds only.

The reorganization of 1934 included a provision that payments of principal, interest and premium, if any, on Maple Leaf bonds will be made only in lawful money of Canada.

Tax on U. S. Dividends

My bank deducts a 5% tax from payments of dividends I receive on U. S. holdings, paying me a net amount of 104.50% of the U. S. dollars. Is that right?

A Canadian investor cashing dividends or interest payments in any currency at a premium of more than 5% in terms of the Canadian dollar must pay a tax of 5% on the whole amount, including the premium.

Thus your bank is quite right in figuring the 5% tax on the basis of 110% of the U. S. dollars received. This means that on a sum of $110 the amount of tax is $5.50, leaving $104.50 for yourself. It is important to note that the tax is payable on the total amount, including the premium.

This tax is not a part of the regulation of the Foreign Exchange Control Board, but dates back to the 1936 tax convention between Canada and the United States.

Goold, Shapley, Muir Co.

I hold some of the bonds of Goold, Shapley, Muir Co. and would appreciate some word as to what the prospects are for bondholders and whether or not this company is still operating?

Goold, Shapley, Muir Co. has not operated since 1934. The company was placed in receivership and operated by the Canada Permanent Trust Co. The receiver has now sold all the original assets but has not yet realized on all the sale agreements for real estate. These agreements for sale will terminate before the end of 1942 and it is hoped to make the final distribution from the receivership in 1943. Although it is difficult at this time to say what each bondholder will receive it is estimated they will get about 10 cents on the $1 of principal from the bonds. This may be somewhat increased by interest from investments. The company formerly made machinery and farm equipment at Brantford.

Canadian Stocks in U. S.

I am a resident of the United States, holding Canadian gold stocks. From time to time I may want to switch some of these to stable bonds or stocks and wonder what Foreign Exchange Control Board regulations would govern such a transaction.

Under regulations of the Foreign Exchange Control Board in Canada you would be able to switch your Canadian payment gold mine stocks into any utility or corporation stock or bond which is payable in Canadian funds only. You could then have your newly purchased securities sent back to you and hold them under the same conditions as you originally held your gold mine stocks. You would not be able to sell your gold stocks here and buy Canadian Government or provincial bonds. An additional requirement is that you have to buy approximately an equal amount.

The Board will permit the creation of a credit balance on transactions of not more than 10%, or $1,000, whichever is the smaller. If the securities which you now hold are payable in U. S. funds, as to dividends, you would be able to switch into similar securities, without any restrictions other than those mentioned.

If you desired to make your purchase and sale in the United States, there are a number of Canadian securities which are traded fairly regularly in that country. In doing this you would not come under the Foreign Exchange Control Board regulations, as your transaction would not cross the Canadian border.

G. B. & C. Trust

I hold a bond of Great Britain and Canada Investment Corp., maturing April, 1959, and would like to have your opinion on this company.

Great Britain and Canada Investment Corp. is an investment trust of the general management type which has had a better than average record. The company's earning power has shown steady, but moderate, improvement in recent years. Debenture interest charges have been carried by a comfortable margin. Because the company does not publish a list of its investments, we are necessarily handicapped in arriving at any comprehensive opinion on the company and its outlook. On the basis of the balance sheet and the income and surplus account, however, these debentures would appear to be a satisfactory investment in their class.

Goodyear Tire

Will you outline the investment position of Goodyear Tire & Rubber Co. shares?

We presume it is the common shares of Goodyear Tire & Rubber Co. in which you are interested. The preferred is a stable security, which, even at the panic low of last June, still sold only moderately below its peak for the year.

Recent reports from the company indicate that sales for the first nine months of 1940 have been substantially larger than those during the same period of 1939 in spite of the fact that export sales are considerably reduced. Increased domestic business and orders for war requirements have more than offset the loss in export business. The company is supplying an important part of the tire requirements for both the Canadian and Allied armies.

Profit margin on war orders is small, while taxation is heavier and production costs higher because of increased market prices for raw materials, so the company does not feel permitted to show the usual percentage of profit for the year which its increased business would ordinarily indicate. It is still expected, however, that net profit for 1940 will be greater than in 1939 when the company earned $5.26 a share on its common.

Regular dividends of $2.50 a share are paid on the common, with extras depending on the year's earnings. Last January an extra of $2.50 a share was paid compared with a bonus of $5 a share for 1938.

Financial position and general trade standing of this company is high; and its shares must be ranked among the better grades of equity securities in Canada.

Municipal Honor Roll

Five Years of Progress by Local Government

NELSON, B. C.

Nelson, B.C., is the twenty-fourth in a series of municipalities included in The Financial Post Honor Roll for 1940.

These municipalities are those which are considered to have shown stability over a period of years, or in the recent years have made outstanding progress in improving their financial standing.

No attempt is being made to run these in sequence of merit or size.

The City of Nelson, B.C., is the distributing centre for a lumbering and mining district. The development of around the important gold producers during the early part of the past decade contributed materially to stability of the city at a time when most other parts of the country suffered from the after-effects of the 1929 collapse.

Both lumber and mining industries fluctuate widely. But Nelson has been fortunate in the past in that activity usually developed in one industry to offset a decline in the other. The lumber industry, operating about 10 mills in the Nelson area, currently is enjoying good business because of British demand.

Gold Mining Uncertain

Outlook for the major mine in the district, Bralorne, has never been better and ore is developed ahead for several years at least. Production of two other larger properties, Pioneer and Reno, has been declining in recent years. Outlook is somewhat uncertain for both of these.

The newest producer of importance—Gold Belt—has considerably improved its position in recent months and now has more ore indicated than at any time since production was initiated in 1938. Pioneer started its mill in 1928, Reno in 1929 and Bralorne in 1932.

Debt Cut Substantially

The comparatively good times enjoyed by the city in recent years has provided an opportunity to improve its debt situation. Net debenture debt per capita at $88.61 on Dec. 31, last, is down about $17 from five years previous. Other liabilities were sliced in half during the same period.

No particular problem of relief has been encountered. No relief expenditures have been funded, but instead have been met out of current revenue.

The city's latest financing cost 4%. This is higher than in the case of an average Ontario municipality with, for instance, a more stable agricultural economy than the more vulnerable mining-lumbering one of Nelson.

Statistical Picture

	1939	1938	1937	1936	1935
Population	6,500	6,500	6,500	6,000	6,000
Assessment taxable; (in $000's)	6,195	5,704	5,647	5,574	5,754
Assessment per capita	953	877	869	929	959
Tax collections:					
Current collections to curr. levy %	86.0	85.5	83.5	83.7	81.2
Current & arrears to curr. levy %	101.4	101.7	101.5	101.9	101.2
Gross debenture debt (in $000's)	1,111	1,112	1,112	1,096	1,096
Less: Sinking fund	535	494	440	448	402
Net debenture debt	576	618	672	648	694
Net deb. debt per capita $	88.61	95.07	103.31	108.06	115.67
Other liabilities	14,734	24,152	29,223	51,271	31,970
Relief expenditures funded	nil	nil	nil	nil	nil
Relief met out of curr. rev.	12,366	10,778	12,261	15,480	16,538

Last Debentures Sold

$40,000; 4% 10-year serial debentures at par; cost to municipality of 4%; proceeds for waterworks.

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TORONTO - BRANTFORD
BRANCHES FROM COAST TO COAST

MORE ROOM, MORE GLASS IN NEW MERCURY

Longer, roomier bodies, and more glass in windshields and windows to improve visibility, are among the new features of the 1941 line of Mercury cars, now being introduced by Ford Motor Co. of Canada. Factory prices are announced as the same as last year. Extra roominess comes partly from the longer wheelbase, partly from flaring bodies out over semi-concealed running boards. Effective power-to-weight ratio is maintained with the Mercury 95-h.p. engine, with improved acceleration. New-type springs, ride stabilizer, body frame (cushioned on rubber), and wider tire rims, make for more comfortable riding. A station wagon has been added to the 1941 line, giving a choice of six body types, including a convertible coupe with power-operated top.

32% of Eugene Coste Estate Invested in Bralorne Mines

Almost half the estate of Eugene Coste, Toronto engineer and geologist, who died early this year, was in mining and oil stocks. Well over half of these or 32% of the total estate was in the major B. C. gold producer, Bralorne Mines. The late Mr. Coste was one of the principals in the founding of Union Gas Co. of Canada, Chatham, Ont., and left $434,364.

Other major holdings included Central Patricia, Hollinger, Little Long Lac, Pickle Crow and Uchi Gold. Of the $115,928 value of other stocks, total of $95,469 was held in the Union Gas Co.

Bonds, insurance and real estate holdings were in considerably smaller amounts. Cash was deposited in banks in Toronto and Bobcaygeon, Ont., Victoria, Niagara Falls, N.Y., and Paris. Largest bond holdings included Uchi Gold Mines, valued at $1,927, while life insurance was distributed among three companies—including two in the U. S.

Real estate	$47,500
Insurance	20,270
Cash	618
Bonds	3,247
Mining & oil stocks	239,382
Other stocks	115,928
Miscellaneous	7,250
Total	$434,364

Life Insurance:

	Curr. Value $
Canada Life	10,250
Equitable Life of U. S.	5,008
Mutual Life of N.Y.	5,010

Bonds:

Face Value $		
3,730	General Brock Hotel	1,320
2,000	Uchi Gold Mines	1,927

Mining & Oil Stocks:

No. Shares	Par $		Curr. Value $
2,000	1	Bankfield Consol.	465
12,750	np	Bralorne	140,250
3,000	1	Central Patricia	7,440
5,030	np	Chromium M. & S.	2,350
10,000	1	Continental Kirkland	nil
100	1	Forty-Four Mines	18
10,300	np	Fairview Amalgamated	131
400	1	Granada Gold	8
2,000	1	Gunnar Gold	1,220
2,000	5	Hollinger Consol.	29,250
2,000	1	Laguna Gold	nil
1,000	1	Lethbridge Leases	nil
6,000	np	Lethbridge Petroleum	105
3,000	np	Little Long Lac Gold	12,400
5,000	1	Little L. L. Lagoon	nil
1,000	1	Magnet Consol.	790
3,000	1	Moneta Porcupine	2,560
1,000	np	Numalake Mines	100
6	np	Oil Lease Develop.	nil
7,000	1	Pickle Crow Gold	27,300
6,000	np	Porcupine Lake Gold	360
200	np	Quebec Prospectors	nil
1,000	np	Rice Lake Gold	8
6,400	1	Robb-Montbray	32
2,000	np	Rubec Mines	15
400	np	Sachigo River	2,500
3,000	np	Split Lake Gold	15
1,000	1	Tashota Goldfields	nil
5,500	1	Uchi Gold	4,840
175,001	np	Volcanic Gas & Oil	6,825
4,000	1	Wilson Red Lake	nil
2,000	np	Wingold Mines	120
1,000	1	Young Davidson	260
2,000	np	Young-Shannon	20
		Total	239,382

Other Stocks:

No. Shares	Par $		Curr. Value $
1,000	np	Candn. Power & Paper Inv., pfd.	4,250
600	np	Do., com.	600
614	100	Candn. Western Mfg., pfd.	nil
249	100	Do., com.	nil
68	100	Candn. Western Foundry, pfd.	nil
42	100	Do., com.	nil
6	50	Calgary Golf & Country Club	6
60	100	The Clifton Co.	nil
5	100	Chinook Jockey Club	5
1	300	Dallas Athletic Club	nil
2,000	np	Dr. Papilland Laboratories	nil
250	100	Eastern Canada Stores pfd.	nil
1,500	np	Do., com.	nil
33	10	Empire Publications	nil
500	np	Foreign Power Secs.	100
10	np	Indust. & Educational Pub., pfd.	nil
10	np	Do., com.	nil
602	1	Inter. Utilities, B	nil
1	100	Minnicog Ltd.	1
256½	100	Provincial Gas Co.	15,390
107	100	Seoxyl Ltd., pfd.	107
352	np	Do., com.	nil
160	5	Spillers Candn. Milling	nil
1,248	np	Stop & Shop	nil
6,110	np	Union Gas of Canada	95,469
		Total	115,928

Municipal Reports

Brockville, Ont.

Brockville, Ont., reports debenture debt of $388,651 at the end of last year, down about $48,000 from a year previous. Bank loans and other liabilities are fractionally higher.

Tax arrears show an increase from the previous year. Surplus of $1,707 compares with a deficit of over $10,000 in 1938.

Income and Assessment Years Ended Dec. 31

	1939 $	1938 $
Revenue	395,658	388,546
Expenditure	393,949	398,920
Total tax arrears	74,330	68,682
Curr. tax levy	317,268	340,539
Curr. tax arrears	43,457	43,603

Assets and Liabilities

	1939	1938
Total assets	2,155,520	2,036,005
Total debenture debt	388,651	436,569
Bank loans	83,611	82,758
Other liabilities	10,711	9,861

New Glasgow, N.S.

New Glasgow, N.S., reports net debenture of about $478,000 at the end of last year, down about $41,000 from a year previous. Tax arrears are a shade lower, and surplus of over $13,000 is up from less than $5,000 in 1938.

Income and Assessment Years Ended Dec. 31

	1939 $	1938 $
Revenue	233,392	210,127
Expenditure	220,061	205,455
Total assessment	5,676,825	5,510,175
Exemps. not incl.	109,200	107,350
Total tax arrears	102,656	103,372
Curr. tax levy	183,732	174,415
Curr. tax arrears	55,647	50,577

Assets and Liabilities

	1939	1938
Total assets	1,492,607	1,492,194
Total debenture debt	1,026,450	1,026,450
Total sinking fund	548,325	507,743
Other liabilities	11,585	▲

▲Not given.

Sydney, N.S.

Net debenture debt of $1.9 million for Sydney, N.S., at the end of 1939 is about the same as a year previous. Bank loans are up a shade.

Total tax arrears of $257,481 at the end of 1939 are down about $47,000 from 12 months previous. A deficit of almost $1,000 compares with about $26,000 in 1938.

Income and Assessment Years Ended Dec. 31

	1939 $	1938 $
Revenue	1,198,886	989,031
Expenditure	1,208,120	1,015,354
Total assessment	12,574,962	12,394,624
Exemps. not incl.	198,275	185,150
Total tax arrears	257,481	304,691
Res. for tax arrears	84,523	▲
Curr. tax levy	661,890	628,695
Curr. tax arrears	159,200	158,400

▲Not given.

Assets and Liabilities

	1939	1938
Total assets	4,020,578	4,010,582
Total debenture debt	3,503,000	3,502,000
Total sinking fund	1,579,944	1,582,037
Bonds guaranteed	200,000	200,000
Bank loans	305,458	296,223

Port Colborne, Ont.

Total debenture debt of $1 million for Port Colborne, Ont., at the end of 1939 is down about $91,000 from 12 months previous. Other liabilities also are lower.

Surplus of $31,630 is up a few thousand dollars from 1928. Tax arrears at $32,618 are off almost $7,000.

Income and Assessment Years Ended Dec. 31

	1939 $	1938 $
Revenue	354,615	363,556
Expenditure	322,986	335,251
Total tax arrears	32,618	39,173
Res. for tax arrears	31,309	▲
Curr. tax levy	....	274,847
Curr tax arrears	16,835	16,172

▲Not given.

Assets and Liabilities

	1939	1938
Total assets	1,216,268	1,313,125
Total debenture debt	1,007,655	1,098,590
Other liabilities	66,895	135,176

Saint John, N.B.

Saint John, N.B., reports net debenture debt of $3.9 millions at the end of 1939, down almost $250,000 from a year previous. Bank loans, on the other hand, jumped over $245,000 to $756,525.

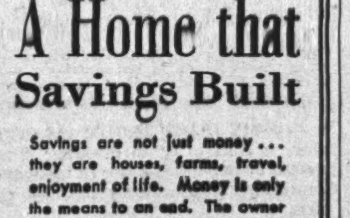
Tax arrears are off a shade from 1938, while a deficit of about $6,000 compares with a surplus of about the same amount in 1938.

Income and Assessment Years Ended Dec. 31

	1939 $	1938 $
Revenue	2,282,934	2,256,015
Expenditure	2,288,851	2,250,486
Total assessment	45,938,250	46,792,050
Exemps. not incl.	27,723,150	27,723,150
Total tax arrears	1,579,827	1,582,078
Curr. tax levy	1,992,590	2,045,371
Curr. tax arrears	641,555	631,486

Assets and Liabilities

	1939	1938
Total assets	12,821,815	12,511,590
Total debenture debt	6,426,807	6,578,980
Total sinking fund	2,512,595	2,415,993
Bank loans	756,525	511,126



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Savings are not just money . . . they are houses, farms, travel, enjoyment of life. Money is only the means to an end. The owner of this home used the facilities of the Canada Permanent to accumulate the money with which to build; and his savings paid for it over a period of time. Thousands are doing the same. Canada Permanent is ready to help you also to SAVE and BUILD. Its faith in the future of Canada has remained unswerving since 1855.
CANADA PERMANENT Mortgage Corporation
Head Office, 320 Bay St., Toronto
ASSETS EXCEED $69,000,000

Plan Is Ready For Riverside

Provides For Cash Payment of 10% on Interest Arrears

Debenture holders of the Town of Riverside, Ont., and of Riverside Separate Schools, have been sent copies of plans of reorganization proposed by Debenture Holders Committees of which F. L. Hancock is secretary. They are being urged, if agreeing with the plans, to return proxies and forms of approval to the Guaranty Trust Co., Windsor. Approval of two thirds in value of the total outstanding indebtedness must be obtained before the plan may be submitted to the Ontario Municipal Board for ratification.

The plan for both the Town and Separate Schools of Riverside, which have been in default of principal and interest for about nine years, is a temporary one on a five-year basis. Essential features follow:

1. Bondholders to get 10% of arrears of interest in cash;
2. The coupon rate for the five years to be 1%;
3. Time for repayment of principal extended to Jan. 1, 1945;
4. All surplus cash, after allowing for expenses of refunding and settlement of arrears to be used by the town to purchase its own bonds on the open market.

The plan provides for both the town and separate schools to remain under the supervision of the Dept. of Municipal Affairs. The department will, prior to Dec. 31, 1944, direct an investigation into affairs of the Board with respect to a further plan to follow expiry of the proposed one.

STERLING COAL—CORRECTION

Attention has been called to an error in the issue of Oct. 5, 1940, with regard to Sterling Coal Company earnings for 1939-1940. The earnings should have been stated as 81 cents per share.

CANADIAN SECURITIES
Dominion and Provincial Government Bonds
Municipal Bonds
Public Utility and Industrial Financing
DOMINION SECURITIES CORPORATION LIMITED
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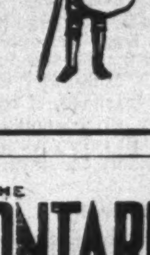

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LONDON CANADA — Established 1870
DEPOSITS ACCEPTED — 5-YEAR DEBENTURES ISSUED
Deposits and Debentures (31 Dec. 1939), $11,793,464
Capital (Fully Paid), $2,000,000 — Reserve Fund $2,400,000

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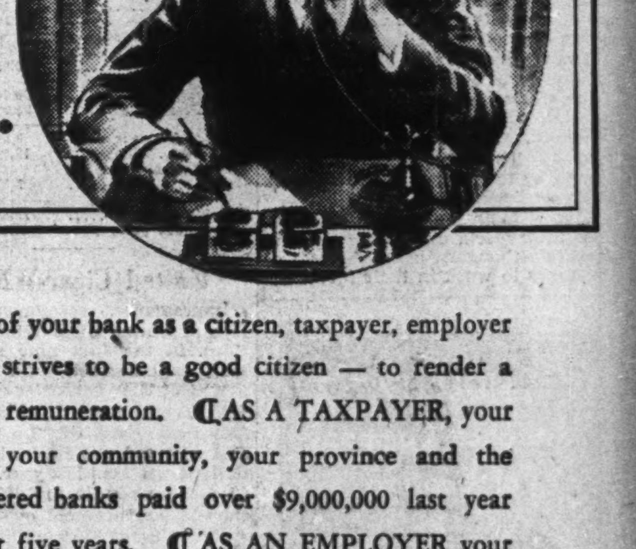

CITIZEN •
TAXPAYER •
EMPLOYER •
CONSUMER •

HAVE you ever thought of your bank as a citizen, taxpayer, employer and consumer? Your bank strives to be a good citizen — to render a useful service for a moderate remuneration. AS A TAXPAYER, your bank pays heavy sums to your community, your province and the Dominion — Canada's chartered banks paid over $9,000,000 last year alone; $42,000,000 in the last five years. AS AN EMPLOYER your bank and other chartered banks in Canada furnish employment to thousands of persons who are an asset of real value to the Community and to the Dominion. The banks paid last year over $35,000,000 in wages — in the last five years, $174,000,000 — a direct distribution of buying power all over Canada. The value of the services rendered by our men and women workers cannot be appraised in dollars. Their efficiency, courtesy and integrity are largely responsible for the goodwill and pleasant relations between Canada's chartered banks and the people they serve. AS A CONSUMER the bank is a customer of your utilities — water, light, power; it pays rent, buys fuel, office equipment, telephone and telegraph services, everything needed in modern business.

In war, as in peace, Canada's Chartered Banks maintain, uninterrupted, their useful services — safeguarding depositors' funds; facilitating the nation's business — looking forward to peace with freedom as the only sure basis of enduring prosperity.

THE CHARTERED BANKS OF CANADA

Fire and Casualty Insurance

Insurance Cushions Bad Debts

Credit Contract Removes Guesswork From Losses Due to Customers Defaults — Two Types of Coverage Available for Use

Increased business activity in Canada is drawing attention of business executives to the need of protection against credit losses.

A large proportion of modern business is done on a credit basis. Accordingly it is felt that the expanding turnover of goods at factories and business establishments is bound to be accompanied by a greater possibility of credit losses.

These credit losses occur in practically every line of business. They may vary from those caused by the failure of a large wholesale or manufacturing firm, with liabilities amounting possibly to hundreds of thousands of dollars, to the bill for $10 worth of groceries which John Smith fails to pay the corner store.

Accurate estimates of the bad debts unpaid in a year are lacking. The Dominion Bureau of Statistics in 1939 reported 1,392 commercial failures with liabilities of over $15 millions. These included retailers, wholesalers, manufacturers, service establishments and other classes of business. Estimated assets averaged about 73% of the losses. The balance theoretically represented the loss sustained by the creditors, but the loss, in most cases, was probably greater than indicated.

Bankrupt sales of merchandise are distress sales and accordingly the returns often mean a loss to the owner. If to these recorded losses were added the bad debts which the retailer or wholesaler was unable to collect the total would undoubtedly be greatly increased.

Exceed Fire Losses

Accordingly total credit losses in the country are much greater than shown in any figures. Paul M. Millians of the American Credit Indemnity Co. recently stated that for many years the total bad-debt loss in the United States has exceeded the total fire loss. The same thing is undoubtedly true of Canada.

These credit losses are regarded as a necessary condition of modern business, except in those concerns which do business on a strictly cash basis. They are figured on as part of the cost of doing business, just like rent, light, wages, etc. The larger turnover possible in most cases by granting credit as long as good judgment is used is considered as more than offsetting losses that may be suffered.

But sometimes the credit loss exceeds the normal or expected. When it does, its results are unsettling.

Credit Insurance the Answer

What can be done about these abnormal losses?

The answer is credit insurance.

This has been defined as really a guarantee, subject to the conditions of the policy, that losses from bad debts will not exceed an amount experience has shown over a number of years to be normal.

There are two broad forms, general coverage and specific coverage.

General coverage, as the name implies, is designed to give a business complete protection against credit losses beyond the normal.

The normal loss is first broadly determined by the average for the class of business concerned such as flour milling, wholesale drygoods or boot and shoe manufacturing. Then the normal for one individual business within a group might vary from the normal for another in the same group.

In each case the point at which credit insurance would begin to play losses would vary.

Reserves

In some instances reserves are set up against bad debt losses. Points to be considered in this practice are:

Would the premiums on credit insurance be less than the actual revenue lost by keeping these reserves in liquid form rather than employing them in the business?

Are the reserves sufficient to meet unforeseen losses?

Credit insurance protects these reserves against loss at the cost of only the premium.

Specific Coverage

Specific coverage varies from general coverage in that it covers only certain accounts or groups of accounts. It can be used this way to level off risks which may appear to be high.

In buying such protection the owner of the business has to determine the particular accounts he wants covered.

It has its value in levelling off the risk between large accounts and smaller ones and thereby lessens the probability of excessive credit losses. It is not intended, of course to make good an irredeemably bad risk which a credit executive might try to select against the insurance company.

Cost Estimated

While it is impossible to say definitely what the cost of credit insurance is in a specific case, broadly it is estimated that, including the normal loss assumed by the insured, it ranges from a low of 1/10th of 1% of the amount at risk upward.

Like fire insurance, when an abnormal loss occurs the advantages are self-evident. There is this difference, however, between the two lines of insurance. Many individuals and firms go through life without a fire. But practically no business, large or small, goes through life without credit losses which sometimes are very heavy.

Insurance Problems

Auto Passenger Hazard

As a businessman I use my car a great deal driving between different cities and towns in Ontario. Often my friends ask me to take them with me if they have business in the same place. If they offer to pay part of the gasoline and I accept, does it make me responsible for any damage they may sustain while a passenger in my car?

The usual ruling of both insurance and legal authorities is that in a case such as you mention the passenger is not regarded as a paying passenger. Hence the operator of the car would not be liable for damages, in Ontario at any rate. Sharing the expenses on a voluntary basis is not looked on the same as paying a set charge. This is especially so where the practice is indulged in only occasionally. The safe thing, however, would be to consult with your insurance adviser, as there might be some condition which, to the ordinary individual, looks very unimportant but may have far-reaching legal implications.

You are aware, of course, that the liability of a motorist for damage to a free passenger has not been eliminated in every province. Nor does it apply to accidents off the public highway. Thus if a passenger in your car were injured while in a private driveway or in the grounds of a country club or similar situation, you would be liable. The extra premium for passenger hazard insurance is very small. It gives protection in all provinces and states. Many motorists prefer to carry it because of the feeling of security it gives.

Life Presidents' Assn. To Meet Dec. 5 and 6

The Association of Life Insurance Presidents will hold its annual convention in New York Dec. 5-6, when preparedness will be the central theme.

Special surveys are now being made on such subjects as the 1940 mortality experience among life insurance policyholders and trends in the investment of life insurance funds. Result of these surveys will be submitted at the meeting.

Life Insurance

Life Insurance Sales Lower

Decreases Shown in All Areas Except Newfoundland and P.E.I.

Sales of new ordinary life insurance in Canada and Newfoundland in September at $26.1 millions were about 23% lower than in September last year.

A year ago, before the war clauses went into effect on new policies, there was a tremendous rush to buy insurance. Accordingly sales for the month were higher than for any September in recent years.

Declines from last year were shown in every area except Prince Edward Island and Newfoundland. The largest drop was in Alberta. In the western provinces the small wheat deliveries allowed because of the storage congestion are said to be affecting insurance sales. Ordinarily the western farmer delivers most of his wheat in the fall, receives a large payment and is then able to buy life insurance. This year he is allowed to deliver only a part of his grain and hence has not much money left over his immediate expenses. Accordingly the experience in the Prairie Provinces is poorer than usual. The same is also reported of Ontario and British Columbia.

The figures are based on data supplied by 18 companies having 87% of the ordinary business in force in Canada and Newfoundland.

Life Insurance Sales in Canada and Newfoundland
September

	—000's of $— 1940	1939	Change %
Alberta	937	1,969	—52.4
British Columbia	1,971	2,714	—27.4
Manitoba	1,286	2,078	—38.1
New Brunswick	756	906	—16.5
Nova Scotia	1,242	1,553	—20.0
Ontario	11,021	14,631	—24.6
Prince Ed. Island	239	163	+46.6
Quebec	7,465	8,899	—16.1
Saskatchewan	764	1,036	—26.1
Newfoundland	475	303	+56.7
Total	26,156	34,252	—23.6

Sales by Months, 1937-1940
(000's of $)

	1937	1938	1939	1940
Jan.	27,789	31,287	28,767	33,726
Feb.	30,619	31,796	29,202	31,820
Mar.	32,322	33,461	31,710	[illegible],265
Apr.	32,562	30,612	26,357	32,248
May	31,916	31,016	30,123	31,779
June	37,908	35,660	32,226	28,53[illegible]
July	32,040	30,625	20,902	28,159
Aug.	28,411	28,446	28,494	24,698
Sept.	27,730	27,928	34,252	26,156
Oct.	33,416	32,372	34,677	....
Nov.	38,020	37,167	38,062	....
Dec.	37,125	36,475	36,692	....

Power Famine Seen Looming

(Continued from page 1)

ing facilities will be going full blast, turning electric power into metal for airplanes, tanks and guns, producing the explosive insides of shells and bombs.

Ten times the present army of war workers will be busy this time next fall, it is reliably estimated.

Crisis Next Year

All this means more load for the electric power plants. When the present programme of war production gets under full steam Canada will be facing a peak load shortage of at least a quarter million horsepower.

But the power shortage, of course, will not be felt until December. It is in this month that the greatest peak loads always occur and during the hours between four and seven in the evening.

It is then that factories, crowded street cars, street lighting, domestic cooking, motors on stokers and oil furnaces etc., all are making their demands on the local power plant. It is then that the big power crisis will occur, if steps are not taken very soon to meet that emergency.

Ontario and Quebec Bottleneck

Bottleneck in power comes in Ontario and Quebec, the two provinces where Canada looks for most of its industrial production. Generally speaking Ontario has plenty of capacity but is short on energy; Quebec is short on capacity but has energy aplenty. The new plants to be built, to stave off the immediate crisis looming, therefore, may be expected to be built somewhere in or close to the older province.

First steps to meet the power shortage have already been taken. The Ogoki diversion deal will make 50,000 to 75,000 extra horsepower immediately available at Niagara.

Universal Daylight Saving

Continuation of daylight saving in those municipalities which regularly adopted the measure last spring saved a lot of power; Ottawa says 180,000 h.p. for Ontario and Quebec. Ontario authorities think that this is too high. But in any case there has been a substantial saving, mostly in street and domestic lighting.

It is considered extremely possible that daylight saving next spring will be made year round and universal for the whole Dominion.

Another saving will be a general ban on electric boilers. During the depression when more power was available than industry could use, many pulp and paper mills and some other industries used surplus electricity to develop steam. In some parts of the country, notably Winnipeg, the use of electricity was encouraged for domestic heating. This sort of thing is good business when water is tumbling unused over dams, but not when war plants are clamoring for power. Already orders have been issued that electric boilers are to be cut off and the [illegible] employing them are switching back to coal. As for Winnipeg electric heating, no restrictive steps are contemplated, as there is still a surplus of power in that neighborhood. The big demand occurs closer to the seaboard where Canadian industry is largely concentrated.

Household Restrictions

Authorities are also understood to be exploring the possibility of power saving through some restrictions on the use of domestic electric stoves and water heaters, display signs, shop window lighting and through the adoption of staggered hours for factory closing. For the time being at any rate, it is expected that there will be a minimum interference with the established habits of the ordinary citizen, that he will be allowed to have sufficient power for his stove and heater.

But he may be asked to forego these conveniences at certain peak hours. The average flat rate water heater, normally operating 24 hours a day is now fitted with a third or control wire, permitting shutting off at central distributing points for short periods when consumption is dangerously approaching the peak.

Staggered Hours

With many war factories operating 24 hours a day on three shifts, staggering closing hours offers less saving than would be possible in less strenuous time. But even with three shifts there is some slowing down or stopping of machinery for change over and repairs, and in any case there is a rush of workmen on street cars coming and going to work.

There are also and will necessarily continue many non-war industries, probably only working the regular hours. A general rearrangement of office and factory hours would eliminate closing rushes, with less strain on power used for street cars, domestic lighting and cooking.

Allow Exports

Canada exports a certain amount of power. This situation has also been investigated, The Post is informed, but no restriction is contemplated. Under wartime powers, of course, Canada could do something drastic, but there would certainly be offsetting repercussions. Investigation reveals that most of this export power goes to two big American plants, one making carbide, the other aluminum and the output in both cases goes largely to Britain for vital war purposes.

New Power Plants

The building of new power plants to provide the extra 250,000 to 350,000 h.p. considered vital in Canada's war effort will also be of value for conservation purposes. While no large plants with their necessary power lines can be completed before the spring of 1942, authorities state, months before that time there would be results. The reason is simple enough, when pointed out.

Normally power plants must conserve water during the winter months. They let water build up above their plants for gradual use during the spring and summer. Now if these plants know that new power is to be available in the spring of 1942, they will be able or instructed to forget all about spring and summer reserves and told to develop every horsepower available to meet the emergency next winter.

St. Lawrence Too Late

Where the new plants will be built is still an official secret. As a matter of fact, The Post understands, plans have hardly advanced to that stage yet in any case. To be available for the spring of 1942, however, they will naturally have to be put where water is readily if not already available. The St. Lawrence project, The Post was told, is not considered because even under the best of conditions, and with labor plentiful—which of course is not the case now—no worth-while production from this source could be expected before 1945. It would be too late for vital war production, might prove an embarassing surplus after the war was over.

War Effect Seen

From Our Own Correspondent

MONTREAL. — Wartime influences are becoming more and more apparent in the monthly output of central electric stations. Quebec, Ontario, and British Columbia report increased consumption of electrical energy, while the demand in the Prairie Provinces and the Maritimes remains at about the same level as a year ago.

Further productive facilities are being directed to meet war demands and along these lines, it is of interest to note that there was a sharp decline in the deliveries to electric boilers during September.

Slow Down in September

September gross output of the central electrical stations, according to the Dominion Bureau of Statistics, was 2,399 million kw.h. Compared with the same month a year ago, the increase was less than 1%, whereas the increase for the previous eight months over the first eight months of 1939 was 10%. Over 88% of the decline from August was in secondary power.

Returns by economic areas show continued expansion in output by the Ontario stations compared with the returns of a year ago. Quebec and British Columbia also reported a moderate increase, while the Prairies and the Maritime Provinces showed a decline.

Following is output by areas for September and the nine months ended September, compared with 1939:

Central Electric Stations Output

	—September— 1940	1939
	—000's kw.h.—	
Maritimes	68,689	76,965
Quebec	1,279,699	1,264,903
Ontario	718,771	696,931
Prairies	155,414	170,381
British Columbia	177,105	171,472
Total	2,399,678	2,380,652
Nine Months Ended Sept. 30		
Maritimes	656,460	650,934
Quebec	12,061,367	11,081,827
Ontario	6,597,388	5,838,715
Prairies	1,612,137	1,594,439
British Columbia	1,566,240	1,457,865
Total	22,483,592	20,623,780

Report on Consumption

Ontario and British Columbia were the only two provinces reporting greater consumption of electrical energy last month than in Sept., 1939. For all Canada, 2,212 million kw.h. were used, as against 2,220 million kw.h. a year ago.

Provincial consumption for the first nine months of this year amounted to 20,902 million kw.h., a gain of 1,800 million kw.h. over the period of 1939. Increases were general as will be seen from the following table:

Provincial Consumption of Electrical Energy
Nine Months Ended Sept. 30

	1940	1939
	—000's kw.h.—	
Maritimes	643,178	637,599
Quebec	9,124,293	8,484,787
Ontario	7,967,575	6,994,696
Prairies	1,627,978	1,608,066
British Columbia	1,539,278	1,443,178
Total	20,902,302	19,168,326

Less for Electric Boilers

Deliveries to electric boilers last month amounted to 279 million kw.h. This is the lowest figure reported by the industry for some time and compares with 553 million kw.h. a year ago.

To end of September, deliveries to electric boilers amounted to 4,082 million kw.h., or nearly 700 million kw.h. less than for the same period of 1939.

Exports Hold Up

Export of energy to the United States last month amounted to 187 million kw.h. This was somewhat less than that in recent months but is still well above the monthly average for 1939.

For the year to date, Canada has exported 1,581 million kw.h. to the States, as against 1,455 million kw.h. in the corresponding period last year.

17,000 PHONE IMPROVEMENTS

Since the invention of the telephone by Alexander Graham Bell 64 years ago, there have been 17,000 improvements important enough to require patents. Translated more graphically, it would take 11 freight cars to hold one piece of each kind of telephone equipment manufactured for the Bell Telephone Co. today.

Company Reports

Securities Holding Corp.

Securities Holding Corp., Toronto investment trust, reports a slight decrease in dividends received in the year ended June 30, 1940, but reductions in amount paid for interest on demand loans and overdrafts resulted in net profit of $29,744, almost unchanged from the previous year. On the 18,407 shares of $25 par 6% non-cumulative participating preferred net was equivalent to $1.61 a share in the latest period compared with $1.62 a share for the preceding year.

Balance sheet at June 30 this year shows investments at cost of $560,611 after deducting investment reserve. This compares with $656,277 a year ago. Market value of investments this year is $508,237 compared with $625,891. The decline in investments held is compensated by a drop in call loans to $34,000 from $132,500.

Income and Surplus Account
Years Ended June 30

	1940 $	1939 $
Dividends received	38,853	40,620
Add: U. S. funds prem.	639	14
Less: Dividend taxes	317	262
Net income	39,175	40,372
Less: Loan interest	2,750	6,786
Trustee & regist. fees	1,500	1,500
Audit fees	300	300
Stock transfer tax	299	217
Secretary's salary	1,000	1,000
Honorarium to pres.	250	250
Invest. & financial services	100	50
Printing, etc.	192	150
Sundry expenses	87	96
Ont. corp. tax	50	47
Income taxes*	2,903	......
Net profit	29,744	29,976
Less: Prefered divds.	23,929	23,929
Surplus for year	5,815	6,047
Add: Prev. surplus	19,639	19,639
Less: Trans. to invest. res.	5,815	6,047
Surplus forward	19,639	19,639

*Includes prior years' taxes.

United Cigar-Whelan

Improvement was shown in earnings of United Cigar-Whelan Stores Corp. in the first nine months of 1940, as compared with the same period of last year. Net earnings of $240,705 are more than double the 1939 figure, and while a net loss is still reported, the figure is substantially down from last year. The full 12 months results in 1939, in turn, showed improvement over 1938.

Net sales of $35.9 millions in the 1940 period were off slightly from the same nine months of last year. Other revenue was higher, however, and expenses, depreciation and amortization were lower.

Consol. Income Account
Nine Months Ended Sept. 30

	1940 $	1939 $
Net sales	35,940,229	36,222,914
Add: Profit from stores, etc.	231,296	71,103
Other income	9,408	35,076
Total income	36,180,933	36,329,093
Less: Expenses	35,940,228	36,222,814
Net earnings	240,705	106,279
Less: Depr. & amort.	246,875	291,748
Bond interest	91,069	91,069
Net loss	97,239	276,638

Laura Secord

Laura Secord Candy Shops, Ltd., reports earnings equal to 80.3 cents per share on the common stock for year ended Sept. 30, 1940. This is down 19.4 cents from the previous 12 months. Sales of $2 millions (up about $252,000) and net earnings are substantially higher, but this is more than offset by increased income taxes.

Improvement was shown in the company's liquid position. Increases in cash, investment in Fanny Farmer and inventories more than offset the decline in investments in government and provincial bonds. Working capital of $1.8 million is up over $51,000 from a year previous.

Income and Surplus Account
Years Ended Sept. 30

	1940 $	1939 $
Net oper. profit	390,641	297,138
Less: Exec. sals.	49,762	52,574
Legal exps.	2,450	2,093
Net earnings	338,429	242,471
Add: Invest. inc.	45,708	52,931
Prof. on equip. sale	1,203	439
Prof. on securities	*11,765	59,029
Less: Depreciation	22,488	18,083
Income taxes	120,000	50,000
Net profit	231,087	286,787
Less: Com. divds.	230,000	230,000
Surplus for year	1,087	56,787
Add: Prev. surplus	1,194,931	1,390,644
O'Connor life ins.	......	85,000
Less: $5 bonus paid	......	287,500
Secs. written down	......	50,000
Add: Inc. taxes	6,755	......
	1,189,263	1,194,931

*Loss.

Earnings per Share:		
Common	0.803	0.997
Paid	0.80	0.80

Working Capital

	1940	1939
Current assets	1,975,473	1,852,378
Current liabilities	130,562	59,170
Working capital	1,844,911	1,793,208

Balance Sheet Changes

	1940	1939
Cash	342,445	207,671
Shs. in Fanny Farmer	121,263	53,200
Govt., etc., bonds at cost	1,301,543	1,484,202
Inventories	197,824	150,110

United Grain Growers

United Grain Growers Ltd. reports earnings equal to $2.92 per share in the year ended July 31, 1940, compared with 4 cents in the previous 12 months. Bond interest was earned 5.59 times, compared with 1.1 times in the 1938-39 period.

Inventories show a substantial increase, figure of $3.7 millions at July 31, last, being more than double the total of 12 months previous. Bank loans show a big jump to $1.6 million from $115,292.

A further $175,000 of series A first mortgage bonds were redeemed through the sinking fund during the year, leaving $2.1 millions outstanding, while $36,500 series B bonds were called, leaving $407,000 outstanding.

Consol. Income and Surplus Account
Years Ended July 31

	1940 $	1939 $
Operating profit	1,249,161	646,603
Less: Dir.'s fees	8,507	7,431
Legal & exec.	37,833	28,292
Ann. meet. exp.	16,898	15,555
Net earnings	1,185,923	595,325
Less: Depreciation	456,185	433,643
Bond interest	130,497	141,216
Bond disct. w/o	......	19,878
Less: Prof. bds. red.	......	14,076
Taxes	225,000	9,000
Net profit	374,241	5,662
Less: Dividend	159,409	......
Surplus for year	214,832	5,662
Add: Previous surplus	306,051	300,389
Less: Pr. yr. inc. taxes	2,574	......
Bond disct. w/o	169,011	......
Surplus forward	349,299	306,051
Times Bond Interest Earned:		
After depreciation	5.59	1.10
Earnings per Share:		
Common	2.92	0.04
Paid	1.35	nil

Working Capital

	1940	1939
Current assets	4,236,302	2,133,949
Current liabilities	3,093,362	974,185
Working capital	1,142,940	1,159,764

Balance Sheet Changes

	1940	1939
Accts. bills rec.	373,921	294,419
Inventories	3,688,250	1,627,629
Bk. loans & overdrafts	1,564,963	115,292
Shareholders' divds.	172,174	13,518
Accts. payable	1,071,714	784,503
Reserve for taxes	268,266	43,330
Funded debt:		
1st mtge. bds. A	2,059,000	2,234,500
1st mtge. bds. B	407,000	443,500

MacKinnon Steel Corp.

Operations of MacKinnon Steel Corp. for the year ended July 31, 1940, show a 32% decrease in business and 46% reduction in profits from 1937. Total revenue was $47,182 as against $74,017. Net profit amounted to $16,889, permitting payment of 4⅜% on account of arrears on the preferred stock. In the 1939 fiscal year there was a net profit of $41,271, and dividends paid on the preferred stock amounted to 7%.

In his report D. H. McDougall, president, stated that following the declaration of war ordinary construction work fell off rapidly and the company's business declined correspondingly. Efforts to effect arrangements for participation in war work were unsuccessful. However, since conclusion of the fiscal year, substantial orders for structures for wartime requirements have been received.

The balance sheet shows a sharp increase in inventory from $59,924 to $108,810. Accounts receivable are off about $50,000 to $86,779. An additional $18,000 was invested in plant, bringing property account up to $481,472. During the year $13,614 of bills payable were liquidated. Other changes found in the balance sheet are unimportant.

Comparative figures from the profit and loss statement follow:

Income and Surplus Account
Years Ended July 31

	1940 $	1939 $
Oper. profit	42,931	69,742
Other income	4,251	4,274
Total revenue	47,182	74,017
Less: Depreciation	10,000	10,000
Directors fees	1,625	1,500
Exec. salaries	10,324	10,880
Bank interest	344	1,169
Income tax	8,000	9,197
Net profit	16,889	41,271
Less: Pfd. dividend	20,781	33,250
Surplus for year	*3,892	8,021
Add: Previous surplus	14,126	6,105
Surplus forward	10,234	14,126

*Deficit.

Working Capital

	1940 $	1939 $
Current assets	279,131	287,461
Current liabilities	36,657	34,130
Working capital	242,474	253,331

Commission Surveys Quebec Insurance

Quebec province is taking an inventory of the insurance policies on which it pays premiums. This move, it is understood, is being taken with a view to determining if expenses cannot be reduced in this direction.

Primary reason for the investigation, is said to be to discover if the province is paying more in insurance premiums than other provinces, pro rata.

If insurance payments are found to be out of line with those of other provinces, the Quebec Government, it is reported, may insure itself by setting aside certain sums as an insurance reserve. The investigation is being made by a commission appointed by Premier Godbout.

Ontario Fire Agents Elect New Officers

Officers for the coming year have been elected by the Ontario Fire and Casualty Insurance Agents Association as follows:

President—S. O. Mason, Welland, Ont. Vice-presidents—A. W. Dunlop, Kingston; W. H. Shaver, Midland; Ford Cosgriffe, Hamilton; J. M. Moore, London; A. R. M. Ritari, Sudbury. Secretary—Charles Priestman.

Agents Urged to Plan Work Systematically

At the recent sales clinic conducted by the Toronto Life Underwriters Association, H. B. Berwick, supervisor of field service for the Manufacturers' Life Insurance Co., declared that however star producers might vary in other ways they all had one characteristic in common and that was systematic planning of their work.

He stated that the life underwriter cannot control conditions in his territory but he can control the number of hours he works, the number of calls he makes and the number of new prospects and the class of prospects he sees.

Practically every salesman, he claimed, was a star producer at some time during a particular week or month or sale. This, Mr. Berwick believed, was because he worked for that period along the lines followed by the leaders in the business who consistently:

Apply their knowledge, systematize their work, close their mind to negative thoughts, cause the law of averages to work in their favor.

FIDELITY
Insurance Company
of Canada
TORONTO

The
WAWANESA
Mutual Insurance Company
Assets Exceed ... $2,600,000.00
Surplus ... 1,330,363.89
Dominion Govt. Deposit exceeds 1,000,000.00
Wawanesa ranks 1st against all Companies operating in Canada on Net Fire Premiums Written according to Dominion figures for 1939.
Head Office: Wawanesa, Man.
Eastern Office: Toronto, Ont.
Branches at Vancouver, Edmonton, Saskatoon, Winnipeg, Montreal and Moncton.
2,000 Agents Across Canada

Fire Insurance and Allied Lines
AGENCY INQUIRIES INVITED
NATIONAL RETAILERS
MUTUAL INSURANCE COMPANY
SERVICE SAVING SECURITY

Before you insure...
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Confederation Life Association

Our 'MUTUAL' Plan
Reduces FIRE INSURANCE Costs
LAST year this company's policyholders received $1,531,487 in savings under the Northwestern Mutual plan. Careful selection and inspection of risks, co-operation in fire prevention and efficient management combine to reduce overhead costs to a minimum. You, too, should be participating in these benefits.
HOW THE NORTHWESTERN MUTUAL PLAN OPERATES.
PREMIUM
NET COST SAVINGS
(Above charts are approximate. Consult your nearest agent or branch office for rates and current savings)
APPLICATIONS FOR AGENCIES INVITED
NORTHWESTERN MUTUAL FIRE ASSOCIATION
Assets: $8,970,000
Canadian Head Office: Vancouver

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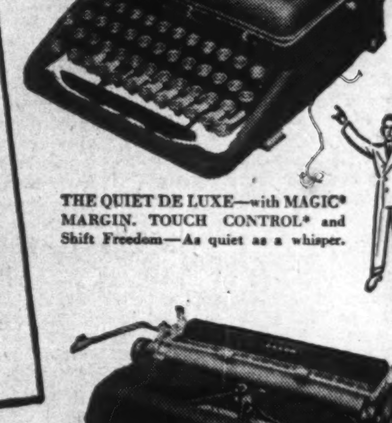
Dominion of Canada
GENERAL
Insurance Company
Established 1887
Fire Casualty Life

Why be without a ROYAL PORTABLE any longer?
For home or office use ... on trips ... and for school and college work ... there is nothing like a Royal portable. Why be without your Royal any longer when you can select the machine that suits your needs—at the price you want to pay—from these great new models? Prices, including handsome carrying case, range from $39.50 for the Mercury to $75 for the superb Quiet De Luxe.
See these up-to-the-minute writing machines at your local Royal dealer's ... test them at your own convenience ... and enquire about easy monthly payment plan.



THE QUIET DE LUXE—with MAGIC* MARGIN. TOUCH CONTROL* and Shift Freedom—As quiet as a whisper.

THE ARROW — with MAGIC MARGIN, TOUCH CONTROL and SHIFT FREEDOM.

THE COMMANDER — with TOUCH CONTROL, Finger Comfort Keys, Automatic Ribbon Reverse, Dust Proof Construction.

THE MERCURY — a real typewriter with standard keyboard and Dust Protection. Moderately priced.

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Banking

Loans to Provinces Average Lower

Monthly Figures of Borrowings From Banks Decline Under War Conditions — Increased Income and Lower Expenditures Indicated

Since the outbreak of war the Canadian provinces have been borrowing less from the chartered banks than previously. Loans at the end of August, according to the last monthly statement available, totalled $14 millions against $16 millions the year before and $18 millions in 1938.

In every one of the first eight months of 1940 except July the loans to the provincial governments have been lower than they were the year before. The total for July at $14.5 millions was about $750,000 higher than in July last year. The average month-end figure for the first eight months of the current year was $15.5 millions against $19.8 millions in 1939 and $18.6 millions in 1938.

The decline in borrowings from the banks is attributed in unofficial circles to:

Reduction in expenditures.

Increase in revenues.

Official information is lacking, but some time ago the belief was expressed that these developments might be expected.

Sentiment throughout the Dominion has been that resources must be conserved for the prosecution of the war.

In line with this there has been a noticeable reduction in various provincial enterprises such as road building.

Relief Charges Lower

Relief expenses are also estimated to be substantially lower owing to the improvement in employment. Many people who have been unable to obtain work are now either in the defense forces or are working in the factories. In any case they are no longer drawing relief.

Some of the provinces, it is stated, are also bending every effort to reduce ordinary current expenses. Where men are enlisting in the defense services they are not being replaced unless the work of the department concerned makes it absolutely necessary.

General Business Better

Income meanwhile has been increasing. General business throughout the country is better and this, it is felt, must be reflected directly in the income of the provinces.

Provincial income taxes for one thing are understood to be better. Gasoline sales are higher. According to the Dominion Bureau of Statistics, gasoline sales for the nine provinces in the first six months of 1940 were 365 million gallons against 322 million gallons in 1939, a gain of about 13%. The gasoline tax is one of the big sources of provincial revenue. Liquor sales are also estimated to be higher.

The estimated increase in income and decline in expenditure, it is believed, together have reduced the total amount which the provinces have had to borrow from the banks to carry on.

Comparative figures for the last three years follow:

Bank Loans to Provincial Governments
(Thousands of Dollars)

	1940	1939	1938
Jan.	13,396	21,026	20,230
Feb.	14,867	21,710	21,629
Mar.	17,698	22,660	18,715
April	17,300	22,587	15,899
May	15,898	21,837	17,762
June	16,339	18,511	19,498
July	14,569	13,816	17,030
Aug.	14,531	16,635	18,727
Sept.	....	15,530	22,303
Oct.	....	18,454	22,847
Nov.	....	16,668	21,154
Dec.	....	15,709	22,055

Note Circulation Slightly Lower

Limited Payments on Crop Reflected in Smaller Cash Demand

For the first time in several months the statement of the Bank of Canada, for the week ended Oct. 23, showed a decline in note circulation. The decrease was $2.6 millions to $334.3 millions.

Normally, the autumn rise in note circulation would not reach its peak this early in the fall. But the relatively small cash payments being received by the western farmers for their wheat this year is restricting the demand for notes.

The banks, it is understood, are well supplied with Bank of Canada notes and are possibly putting some of these into circulation.

It is expected, however, that when the Christmas trade begins to develop the demand for cash will again expand.

Deposits of the Dominion Government with the Bank of Canada were about $12 millions higher.

Reserves of sterling and U. S. exchange increased $4.5 millions.

Advances to the chartered and savings banks shown at $2 millions in the previous week were reduced to $1 million.

Balance Sheet

	Oct. 23 1940 $	Oct. 16 1940 $
Liabilities		
Capital paid-up	5,000,000	5,000,000
Notes in circ.	334,311,542	336,923,898
Rest fund	2,449,757	2,449,757
Depos.: Dominion	39,300,320	27,744,387
Bank	232,961,202	231,495,540
Other	7,211,024	7,249,941
Total deposits	279,472,546	266,489,868
All other liabs.	5,898,161	17,329,119
Total liabs.	627,132,006	628,192,642
Assets		
Reserve:		
In sterl. & U.S.	36,242,989	31,792,989
Subsidiary coin	503,210	421,690
Advances to banks	1,000,000	2,000,000
Invesmtents:		
Dom. Gov. short	438,357,822	436,394,763
Other Dom. Gov.	141,500,807	141,610,429
Total invest.	579,858,629	578,005,192
Premises	1,734,813	1,734,273
All other assets	7,792,365	14,238,498
	627,132,006	628,192,642

To The Travelling Public:

HOTEL LONDON

London, Ontario
Rates for Rooms as Follows:—

Single room without bath, $2.50; running water and toilet.
Single room with shower, $2.75.
Single room with bath, $3.00.
Single room with tub and shower combination, $3.50.
Double room without bath, $4.00; running water and toilet.
Double room with bath, $4.50.
Double room with tub and shower combination, $5.00.
Twin bedrooms with tub and shower combination, $5.50.

Soliciting your appreciated patronage,
H. F. STRUCKETT, Manager

GENERAL ACCOUNTANTS CERTIFICATE

Qualify for this Certificate the SHAW way, the SURE way.

Subjects for Intermediate and Final examinations and included in the Shaw Home Study courses:

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Texts and all lesson material are included in the fee for the course.

Booklet fully outlining C. G. A requirements and Shaw School training sent free on request to Shaw Schools, 1130 Bay Street, Toronto, Dept. A. 79

Bank Chat

Overdrafts

It is understood that some of the chartered banks are changing their methods of dealing with overdrafts in customers' personal accounts.

Formerly at the end of the month in certain cases the bank would figure up the amount of interest it should receive at current rates on the amount of the overdraft and debit it to the customer's account, reducing his net balance thereby if he had a balance.

But this system led to complications, especially where an overdraft and the interest due was not paid at the end of the month. Thus, if a man had an overdraft of say $100 at the end of September and the interest charged was $5 his total debt to the bank would be $105. But if he did not pay off the overdraft or interest by the end of October, he would again be charged interest, this time not on the $100 but on $105. This would mean that at the end of the year the total rate of interest charged might exceed the 7% limit set by the Bank Act. As this would be illegal adjustment would be necessary.

To prevent this the banks concerned are asking their customers to pay the interest on the overdraft each month in cash. In this way interest will not be charged on interest.

Ordinarily some of the banks prefer to make a 30-day loan to the depositor, charging him interest at a specified rate. They claim that this overcomes the difficulty of calculating the amount of interest due on an overdraft which may vary in amount from day to day during any given month.

Staff Changes

The Royal Bank of Canada announces the following staff changes:

G. H. GORDON, manager Vedado, Havana, Cuba, to be manager Havana, Maximo Gomez 816.

A. T. HILLARY, manager Victoria Ave., Westmount, Que., to be manager London, Ont.

K. MACKENZIE, manager Sackville, N.B., to be manager Sydney, N.S.

E. G. MACMINN, manager Sydney, N.S., to be manager Halifax.

J. G. W. LEE, accountant North Bay, Ont., to be accountant Sudbury.

C. W. MORRIS, manager London, Ont., retires on pension.

* * *

The Canadian Bank of Commerce announces the following staff changes:

E. H. MITCHELL, an assistant manager, Toronto, to be assistant superintendent at head office, Toronto.

H. G. THORPE, special representative, Montreal, to be an assistant manager, Montreal.

J. E. KEYES, an assistant manager, Montreal, to be an assistant manager, Toronto.

* * *

The Bank of Nova Scotia announces the following staff changes:

G. K. LAING to be assistant manager St. John's, Nfld.

J. D. ALLAN to be accountant at Forest Hill Village, Ont.

New Building

WAR PROJECTS

Dept. of Munitions & Supply reports of construction contracts awarded include the following major projects:

R.C.A.F. station, Yarmouth, N.S.	$349,000
Service flying training school buildings, St. Hubert, Que.	545,000
Repair depot, paving, Winnipeg	90,000
Fort Frontenac, Kingston, Ont.	118,000

BRIGHT CANCELS SHARES

T. G. Bright & Co. has redeemed and cancelled 22 shares of its preferred stock, according to announcement by the Chartered Trust & Executor Co. This leaves 7,489 preferred shares outstanding.

CARRY MONEY SAFELY WHEN YOU TRAVEL

Canadian Pacific Express TRAVELLERS CHEQUES

Storm Stirred By Offer Made By Moose Jaw

Debenture Holders Say 37 Cents on Dollar Offer Unfair

A storm of protest has resulted from a letter sent to investment dealers throughout Canada by J. W. Corman, mayor of Moose Jaw, Sask. The document suggests that bondholders of the city, which has been in default of principal and interest since 1938, can obtain $37 on a $100 bond by surrendering certificates to the sinking fund.

Opposition led by the Moose Jaw Debenture Holders Committee, of which F. L Hancock is secretary, maintains the offer is too low. The committee, in a letter to J. A. Kingsmill, secretary of the Investment Dealers Association, denounces the city in scathing terms, and describes the mayor's letter as following closely "the pattern of the city's past efforts in attempting to justify its failure to meet its obligations and in attempting to evade payment of them in the future."

Circular Is Censured

The circular is described as a "surprising document." It is censured for its recitation of "only those things which tend to support the desire of Moose Jaw to buy in its debentures at bargain prices, and studiously refrains from even mentioning those things which would tend to give to Moose Jaw debentures a price greater than the city desires to pay for them, but more in line with its ability to pay."

The Committee suggests there has been lack of co-operation on the part of the city in meeting with debenture holders to work out an agreement for adjustment of the debt. The Committee, it is stated, has been prepared "to sit down with Council and develop a plan of adjustment which would meet the necessities of Moose Jaw at the same time as it would not involve the debenture holders in unwarranted sacrifices, but so far the city has refused to do so."

City Has Funds

In its letter, the Debenture Holders Committee lists some of the factors favorably affecting Moose Jaw's financial position in order that the debenture holders "should not be misled by the contents of the (mayor's) circular." These include the substantial funds on hand, including $611,150 in the electric light trust account.

Taxes, it points out, have been reduced and improvements made ($45,760 for streets, etc., in 1939) during the same period as the city was proclaiming its inability to meet its debenture payments. Substantial surpluses have been shown in recent years, after providing for increased operating expenses (increase of $70,000 budgeted for 1940). Improvement is reported, it claims, in employment as compared with previous years, while a stimulus has been provided Moose Jaw business by the city assuming a major part in the air scheme.

Challenges Capital Expenditures

The Committee questions why so much money was spent in recent years for other capital purposes when, as pointed out in the mayor's letter, vital expenditures are needed for a hospital, a bridge and the waterworks. It also asks how the city managed to obtain funds from the Dominion Government for its waterworks under the terms of the legislation calling for the enterprise to be a self-sustaining one, if it now turns out to be necessary to spend an additional amount of $40,000-$50,000 a year—and water rates are not to be increased—as the mayor's letter states.

The Committee points out the city has borrowed new money and assumed new promises to pay at a time when a committee of the Council published its conviction nothing could be paid on former promises for many years.

Mayor is Pessimistic

The letter sent out by Mayor Corman states "there is nothing in sight to warrant the hope that we can do more than meet our day-to-day operating costs."

In pointing out the city is "situated in the very heart of the worst drought area in the West" the mayor at the same time claims, "it is safe to say our purchasing power has to date diminished by reason of the war effort." And adds: "Generally it must be realized the war effort does not improve conditions in an agricultural city as it does in the industrial cities of central Canada." He describes the situation faced by farmers, without "a market or storage facilities" for grain, as "almost desperate."

Mr. Corman claims some capital expenditures are urgently needed. The old section of the city hospital and the annex are described as "virtual fire traps," while engineers advise that provision must be made for renewing the city's water pipeline in the near future. A bridge costing $70,000 is described as carrying a sign marked "Unsafe for traffic; by order of city engineer." The city's fire protection system depends on a dam on the river, it is added, and this must be repaired.

Claims Rehabilitation Needed

The mayor continues that an additional $40,000-$50,000 is needed for the city's water system. In addition, there is need to rehabilitate all facilities normally necessary "after 10 years of depreciation without repairs or replacements."

It is claimed the city's assessment cannot be increased and that the tax rate has reached the saturation point.

Saguenay Power Revenues Higher

From Our Own Correspondent

MONTREAL.—Further expansion in operating revenue of Saguenay Power Co. is indicated in the quarterly statement of consolidated operations for the three months ended Sept. 30. In that quarter Saguenay Power had operating income $1.5 million compared with $1.2 million in the corresponding period of 1939.

Tax the Tax-Free Utilities

Municipal Body Asks Ontario to Apply Uniform Impost For All

In Halifax a property owner paying $1,000 in taxes annually would get a bill for only $600 if all real estate in the city were subject to municipal taxation. At present about 40% of the $100 millions of assessed property is exempt from taxation.

Not a copper goes to the municipal treasury for hundreds of acres of land located in the most desirable commercial section of the city. In direct competition with privately owned industries paying handsome tax bills are such tax-free properties as those held by the National Harbors Board. It gets much business which otherwise would go to private wharf and warehouse owners.

The maritime city is the extreme example in Canada of such arbitrary tax exemptions. Demands for remedying the situation have come in an increasing crescendo during recent years, particularly with respect to publicly owned utilities operating in direct competition with private companies paying heavy taxes.

Agitation Widespread

The agitation is from municipal officials, a variety of municipal and other associations, the Sirois-Rowell Commission on Dominion-Provincial relations and the Canadian Chamber of Commerce. Special committees and commissions have been appointed by the larger cities to investigate and report on the problem.

The question again is brought to the fore by the Ontario Municipal Association. In November it is taking up with the Ontario Government a proposal for introducing legislation during the next session to amend the Assessment and Hydro-Electric Power Commission Acts. This would permit taxing public utilities on the same basis as other property. At the same time the Government is being urged to make a clear and well-defined ruling of what lands are exempt from municipal taxes.

In seeking action to realign what it considers an unfair condition both from the standpoint of municipal governments and owners of real estate, the Association received its greatest encouragement from the findings of the Sirois-Rowell commission.

Rowell Commission Finds Need

The Commission heard briefs from various municipal and public bodies outlining the problems which had arisen from tax-free utilities. Based upon a study of these, it found that public utilities or other property used for "normal commercial purposes . . . should be subject to taxation on the same terms as that of private enterprise."

The City of Winnipeg, in its brief to the Commission, reported that taxes are not received from the provincial government-owned telephone system. A report made by the late Thomas Bradshaw in 1934 upon the position of Winnipeg's finances, asserted the city had lost about $900,000 in taxes since the system was taken over from the Bell Telephone Co. Winnipeg's civic-owned utilities, on the contrary, are charged the same amount for taxes as if they were operated privately.

The Citizens' Research Institute, in its brief to the Sirois Commission, went on record as being in favor of taxing all public utilities on the same basis "irrespective of ownership." The Institute submitted figures for leading Canadian cities showing the amount in 1933 of exempt and taxable real property. The table gives the exact proportion of all tax-free property:

Amount of Total Property Exempt of Taxation
1933 Figures

City	Amount of Exemption
Halifax	82.0
Ottawa	55.6
Quebec	49.5
Saint John	45.0
Victoria	42.4
Charlottetown	40.5
Regina	39.3
Calgary	35.7
Montreal	33.2
Edmonton	28.6
Saskatoon	26.2
Windsor	23.6
Winnipeg	23.1
Hamilton	21.0
Vancouver	19.5
Toronto	17.7
London	15.2

The Canadian Chamber of Commerce and the Canadian Federation of Mayors and Municipalities, in briefs to the Royal Commission, likewise found there is a need of readjustments. The latter organization stressed the position of Moncton, N.B., where Dominion Government exemptions alone are equal to about 55% of all taxable property, totalling $16.3 millions. The total government exemptions of $9 millions include $8.5 millions for the C.N.R.

The situation in Esquimalt, B.C., is even more serious. The amount of government property exempt from taxation is $9.2 millions—more than three times as great as the total taxable value of other property and improvements in the municipality.

Various other studies of the problem also have been undertaken in recent years. The Board of Control of the City of Toronto in 1938 made a report which discussed the extent to which the city would benefit if publicly owned utilities were assessed and taxed on the same basis as privately owned companies.

The Assessment Commissioner estimated that on three utilities alone—the Transportation Commission, Hydro-Electric System and Waterworks System—the city would obtain an increase in revenue equal to more than 1¼ mills in the tax rate. He noted also that the Consumers' Gas Co., in competition with the tax-exempt Toronto Hydro, pays full taxes.

The Board of Control found the exemptions contributed to an unequal distribution of the tax load. It pointed out:

"The car riders (of the Toronto Transportation Commission) and consumers (of the hydro electric and water systems) may now be receiving the benefit of public services below cost as a result of the above tax exemption.

"The full burden of this exemption is shifted to and has to be borne by other taxpayers, including persons owning vacant land, who may receive no benefit from the operation of these public utilities. In addition, the other taxpayers to whom the burden of such tax exemption is shifted already are paying their just share toward these public utilities by means of water and hydro rates, and street car fares."

Toronto Would Be Helped

The Ontario Municipal Association last year presented a brief to the Ontario Government in which it contended: "It is only just . . . that all industrial and business undertakings should be taxed on the same basis . . . It is impossible to know the cost of a service unless all elements of cost are included and taxation for municipal services is part of the cost."

The brief included a study of two Toronto utilities, in which it found revenues totalling $698,662—equal to 0.72 mills in the tax rate—would be provided if they were taxed on the same basis as other similar utilities.

Total assessment of the T.T.C., for instance, in 1935 was only $2.5 millions. This figure would be $13.7 millions if the basis was the same as for other utilities, and tax revenues of the city would be increased by $383,066 annually. In 1922, the last year the transportation system was owned privately, the Toronto Railway Co. paid the city $5.5 millions in taxes. Additionally, there was a payment of $800 for each track mile and a graduated payment on gross receipts.

The T.T.C. is, of course, subject to greater political and public pressure to give a high grade of service and pay wages at a generous level.

In 1935 the Toronto Hydro-Electric System paid taxes on a total assessment of only $1.1 million. If owned and operated privately its assessment would be $10.3 millions—and an increase in tax revenue to the city of $315,596. In 1922 the predecessor Toronto and Niagara Power Co. had total assessment of $4.5 millions.

T. C. A. Lines Set New Records

Volume of Traffic in 1940 Will Be Well Above 1939 Returns

From Our Own Correspondent

MONTREAL.—Trans-Canada Air Lines has established several all-time records this year.

Number of passengers carried to the end of August totalled 34,043. This contrasts with 21,569 for all of 1939, the previous high level. Compared with the first eight months of last year, the current figures show an increase of nearly 200%.

Record Express Traffic

Express traffic on the T. C. A. lines for the first eight months amounted to 62,928 lb. This contrasts with 24,566 lb. for the same period of 1939 and with 45,819 lb. for the calendar year 1939.

In respect to mail carried, the T. C. A. Lines report 421,595 lb. to the end of August, compared with 276,398 for the corresponding period a year ago. Cumulative returns so far on mail traffic is still 100,000 lb. less than for all of 1939, but indications are that the volume of this traffic for 1940 will show an increase of about 60% over last year.

Pacific Coyle Net Shows Good Gain

From Our Own Correspondent

VANCOUVER.—E. J. Coyle, president of Pacific Coyle Navigation Co., reports net profits before depreciation of $27,137 or 6.3 cents per share on the 431,884 shares outstanding for the year ended June 30. This compares with a net profit in the previous year amounting to $21,234 or 5 cents per share on 425,716 shares outstanding at June 30, 1939.

Pacific Coyle does a general towboat business in British Columbia. The company spent $23,338 for engine repairs and renewals, etc., in maintenance of its fleet, compared with $20,197 so expended the previous year. Working capital was increased from $66,325 to $71,222.

Directors declared a dividend of 3 cents a share payable Sept. 15, to shareholders of record Sept. 10, the same as in 1939.

Gross revenue was $363,432 compared with $253,916 for the previous year.

Issue Special Permits For Border Visits

Canadian residents who make frequent trips across the United States border in the course of their business will be able to obtain, after Nov. 15, a special border permit from the Foreign Exchange Control Board, authorizing them to carry on their person a stated amount of U. S. and Canadian funds.

These permits have been designed especially for transportation and communications employees, but will be issued to others requiring them, such as Canadian residents of border towns who attend school in the United States. Application forms are obtainable at all branches of the chartered banks at border points. The permits will be issued from F.E.C.B. offices at Windsor, Vancouver and Ottawa. They will be good for six months and will authorize the banks to sell the necessary funds.

Weekly Bank Clearings

	Oct. 24 1940 $	Change Year Ago %	Oct. 17 1940 $
Halifax	3,179,996	+25.7	2,769,152
Saint John	2,044,925	+17.3	1,811,288
Moncton	892,359	+3.0	725,301
Sherbrooke	1,026,254	+27.6	837,114
Quebec	5,388,738	+13.0	4,887,119
Montreal	90,899,271	+6.3	96,842,757
Ottawa	40,910,598	+79.7	39,291,798
Kingston	741,008	+28.7	608,139
Peterborough	638,179	+10.9	571,762
Toronto	106,768,677	—1.1	102,537,610
Hamilton	6,751,443	—0.4	5,203,959
Kitchener	1,179,021	+10.9	1,061,706
Brantford	889,578	—6.2	822,266
London	2,657,008	+5.7	2,562,721
Chatham	580,360	—1.1	542,153
Windsor	3,256,871	+28.2	2,797,592
Sarnia	494,938	+23.3	368,378
Sudbury	1,014,598	—10.0	889,669
Fort William	937,498	+23.6	752,393
Winnipeg	31,875,617	—21.0	36,904,714
Brandon	467,356	+13.4	383,569
Regina	6,655,298	—20.8	5,943,519
Moose Jaw	919,171	+20.2	825,990
Saskatoon	1,844,146	—8.4	1,692,005
Prince Albert	637,196	+23.4	451,813
Edmonton	4,821,894	—1.2	4,300,981
Calgary	8,168,888	—9.6	5,651,355
Lethbridge	614,553	—8.3	578,443
Medicine Hat	433,164	—0.3	381,970
N. W'minster	764,838	+15.2	629,830
Vancouver	18,545,866	+2.2	17,758,359
Victoria	2,003,367	+17.8	1,619,663

Roberval Hospital Offered at Par

Syndicate Place Million Dollars of Serials on Market

From Our Own Correspondent

MONTREAL.—A syndicate comprising Paul Gonthier & Co., Provincial Bank of Canada, Dube, Leblond & Co., is making a public offering of $1,100,000 of serial and term bonds of Hotel Dieu St. Michel de Roberval. The issue is divided into two blocks. $284,500 of 4% bonds maturing serially between 1941 and 1949 and $815,500 of 4½% bonds maturing from 1950 to 1952. The offering price is par and accrued interest.

Proceeds of the present issue will be used to retire the Order's existing 4% serial bonds which mature between 1941 and 1953. The latter will be accepted at 101 in payment for the new bonds. In addition part of the proceeds of the new issue will be used for the purchase of additional land, deferring the cost of construction of the sanatorium, etc.

The bonds are a first mortgage on the new sanatorium and are further secured by a grant from the Province of Quebec of $500,000 which is payable at the rate of $25,000 a year over the next 20 years. Payments under this grant will be deposited with the trustee for the purpose of meeting interest and capital payments. In addition, there are other grants to the order under the Quebec Public Assistance Act which brings total payments of the Province up to a figure of between $49,400 to $52,300 a year.

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NOTICE TO HOLDERS OF DEBENTURES OF THE TOWN OF RIVERSIDE

and

RIVERSIDE ROMAN CATHOLIC SEPARATE SCHOOLS

Holders of debentures of the Town of Riverside and the Board of Trustees of the Roman Catholic Separate Schools of the Town of Riverside should communicate with the fiscal agent,

GUARANTY TRUST COMPANY OF CANADA
WINDSOR, ONTARIO

with respect to the refunding scheme.

Guaranty Trust Company of Canada, Fiscal Agent, Town of Riverside, and the Board of Trustees of the Roman Catholic Separate Schools, Town of Riverside.

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After the War: A League For Defense and Trade

Steadily closer wartime relations between British Empire, American nations and associates in democracy are foreseen developing into post war union for mutual defense and economic strength—By better education and voluntary service in common interests, democracies can achieve all that dictators have done by methods of terror and slavery, says famed British analyst of world affairs.

This is the final article in a series of five written specially for The Financial Post by Sir Norman Angell, noted British interpreter of economics and political affairs.

By SIR NORMAN ANGELL

At the back of the minds of all of us are certain outstanding questions about the war:

What happens when the defensive stage has been passed and the assault upon Britain has been repelled?

SIR NORMAN ANGELL

How, when we have demonstrated to the Nazis that they cannot defeat us, do we propose to defeat them? By invasion, by air, by blockade, or what?

How much of the totalitarian order of things shall we have to retain and recognize?

Will the economic world necessarily be organized on a totalitarian basis? Will present economic and business methods serve at all?

What is the blueprint of the post-war world? A reconstituted League of Nations, federalism of the democracies, or what?

The first question is, of course, of a military order. About the answer military men themselves differ. But some things are pretty clear.

Consider first the position resulting in part from aid to Britain from outside, more than making up for any destruction the Nazi may now be inflicting. It will have been proved that Britain cannot be beaten.

In addition, the naval situation in the Mediterranean (thanks to a better British air strength making naval power effective) will be such that Italy has been cut off from her African possessions. The Italian lifeline (already thin) will thus be severed.

Co-operation between the British Empire and the American union will become every day closer and more effective and more and more material will pile up against the Nazi.

Nazi Dilemma

Look at that situation from the Nazi point of view:

From the failure of the assault upon Britain and the growing intimacy and integration of the British Empire and the American Union, by far the greater part of the world is closed to the Nazi system. This is, in fact, hemmed-in—"contained."

Outside the scope of the Nazi power there lies the whole of the western hemisphere; the British Isles (commanding the Atlantic and all the Atlantic ports of Nazidom); the whole of Africa; the whole of India, Australia and New Zealand; and Russia.

For though Russia may be prepared to share the spoils of Nazi power, she does not propose to become part of them, nor subject to that power. Russia has every interest in limiting and containing it.

So long, as in Poland, Russia can be offered spoils there is the basis of a Russo-German deal. But there is no material for that deal in the partition of the British Empire, so long as Britain holds.

China, if aided, will continue so to immobilize Japanese power as to render it of no account as an instrument of Nazi domination.

Non-Nazis Stronger

With so much of the world free of Nazi domination, coming more and more together, pooling more and more of its forces in resistance to that domination, the whole Nazi scheme of things is threatened and must become every day more precarious. The non-Nazi world, numbering many more than a thousand million human beings, will vastly overtop the power and resources of an eighty million Germany. This will be so even though Germany does draw upon the reluctantly provided resources of many conquered peoples.

The Germans have been promised a short war. They were promised that their cities should not suffer from bombardment. They were told that it was impossible for Berlin to be bombed. They were assured that British planes could never get through. They were promised the complete collapse of Britain before winter and the entry of Germany into glorious prosperity as the result of rapid victory this autumn.

Now, much as accounts of conditions in Germany may differ otherwise, they agree in this: The Germans are sick of the war. They detest the idea of another winter. They are apprehensive about the repeated postponement of victory.

They have lost all exultation over their conquests, even that of France, and do not see what real prospect of peace and security and better times these conquests hold out.

If that is the condition now, what will it be when a people, described by one of them as not a "backs to the wall people," is faced by this situation:

> An autumn without peace growing into winter with its hardships of short rations, its shortage of coal and food. No victory even in sight, Italy becoming rapidly a liability instead of an asset, showing obvious signs of cracking. Russia becoming more and more a nuisance, if not a danger, absorbing more and more of Germany's military resources, especially if, with Russian aid, China makes it impossible for Japan to aid the Axis.

To all this add: Growing difficulties in France and Scandinavia, the increase of elusive subversive movements; the intensification of the bombardments which most of the great German cities have to face, owing to the growing preponderance of British (i.e. British, Canadian, American, Australian, New Zealand, Indian) air power.

The worsening of the Nazi position will give courage to the states that have been submerged—to the mass of the people in France, Spain, Holland, Belgium, Denmark, Norway, Finland, and (in a slightly different sense) in Italy—to keep up their struggle for liberation.

If Italy drops out of the Axis orbit, others will follow. Armies everywhere (including Germany) particularly in the officer class, are becoming exceedingly weary of the dictatation of National Socialist party nominees and of Gestapo methods. The spying, the betrayals by servants and informers, go into the midst of the very armies, particularly the armies of occupation.

A German general is known to have said: "I don't want the defeat of Germany, but until Hitler is checked many of us, who do not want to be, are his prisoners." When that check is clear and obvious, things very uncomfortable for Hitler will most certainly happen.

It would not serve much purpose to speculate upon the exact military sequel to that check. But that check will certainly come, if British-American co-operation is made more complete and the tempo of America's contribution speeded up.

Different Peace

What then? What of that second group of questions touching the kind of peace, the kind of post-war world?

We are unlikely to see the kind of peacemaking we saw in 1919. Then representatives of 20 states drew up a settlement before there was any real agreement among the victors as to their own future, particularly their own future security.

The first task of the victors next time will be not to make peace with the enemy but with themselves. That is to say, they will have to make certain that their own future peace will not be shattered because they had not learned to hang together in its defense.

In building up any defensive union a certain psychology has to be taken into account. If you were to present to the American — or perhaps the Canadian or British public—an ambitious scheme, a detailed blueprint of British-American union, with an elaborate federal constitution, or even alliance, it would be hotly debated. Misgivings would arise. Partisanships would form. In the end the whole plan would probably peter out.

But it would be vastly different should the two countries continue to do what they are now doing. Suppose they stick to the policy of deciding upon some specific act of co-operation called for by obvious advantage, like creating a Canadian-American Defense Commission or a deal for common naval bases. And assume that having taken such steps they go on to take similar ones from time to time.

In this event they will find, almost without noticing it, that they have gradually built a defensive union. Having created it in this way they would be unable to unscramble the omelette, even if they wanted to.

League for Defense

In some such way is the post-war peace likely to be built, growing out of the co-operations of the war itself.

The nucleus of any future non-totalitarian world will be the British Commonwealth and the American Union, supported by the resources of all those associated with their leadership. These will embrace Africa, including the French and Belgian colonies and Egypt; countries in the Near East, Syria, Palestine, Iraq, Turkey, Greece; India; the Philippines; on this hemisphere, the twenty-odd Latin American republics; in Asia, a China that may have succeeded in standing off the march of Japanese aggression.

These should put their co-operation for mutual aid upon secure foundations by specific military and strategic plans.

The Alliance, or Confederation, or League, whatever you care to call it, should be open to all who are prepared, and are in a position, to accept its obligations in exchange for its securities. It would be a League for Mutual Defense growing from a nucleus, just as the U.K.-Canada-U. S. defensive arrangements have grown step by step.

Economic Union

Out of those defensive arrangements would grow economic arrangements. Out of the discussions of the United States with the Latin republic at Havana came a bold, though at present impractical, plan of economic co-operation. The plan in effect was that the export trade of the two Americas should be brought under a single selling agency with northern leadership and financial backing.

This is not, in its present stage, practicable because the two Americas—North and South—are not in the economic sense complementary.

But with a wide extension of such plans to cover Britain, the Near East, Africa, India and China as well as the western hemisphere, the possibilities of that type of bargain are improved.

This raises the question whether the non-German world will have to adopt totalitarian methods in order to meet the economic thrust of the totalitarian states.

Too Many Labels

We must not be frightened with words and labels. The trouble with much of the discussion of social and economic methods this last few years has been the tendency to sort out "systems"—the "capitalist system," the "Communist system," etc.—into neat watertight compartments, as separate things which actually exist.

But "Capitalism" everywhere has adopted features which our grandfathers would have regarded as sheer Socialism. Russia has been compelled to introduce into its system many capitalistic features. For the last 100 years or so Capitalism has been turning socialistic and for the last 20 years in Russia, Socialism has been turning capitalistic.

Consider for a moment the forces which compel Capitalism to introduce an increasing measure of public control—Socialism. When transport was by wagons and horses, a man could buy a team and a wagon, freely carry the goods of his neighbors. The Government, the community had no cause to enter into the bargain at all.

But when we began to build railroads, the community had to be consulted before that form of property could even exist. It had to get a franchise.

It had to invoke the right of eminent domain for the condemnation of private property — thus modifying the rights of property. The Government had to fix prices. . . Here was Socialism indeed.

So with banking. In the 17th century any goldsmith, or for that matter, any tradesman, could issue bills against the property he held and the community saw no reason for interference. But as trade grew, "interference" in banking became indispensable in the public interest. There resulted a whole vast body of legislation. So with insurance. So with every public utility.

Speeded by War

War, of course, accelerates that tendency enormously. It is doing so alike in Britain and in Canada at this moment. There is no reason at all why the process should be revolutionary; why there should be "a clash of classes."

We simply have to feel our way by trial and error toward the best way of using and co-ordinating men's brains and muscles to the maximum common good. We have to find out when it is best to leave things alone, when to redirect by centralized control in order to achieve that common purpose.

The transition from "laissez faire," from a less planned to a more planned economy, is certainly not best achieved by elimination of the businessman and substitution for him of non-business officials or civil servants. It would certainly be better achieved by the businessman himself becoming consciously a public servant, an instrument of the public, of government for the common good.

The Nazis have realized that there are certain material things men must have—enough to eat, a roof over their heads. In addition, unless they are to go mad, they must have steady employment. To make sure of these things there must be a measure of planning, centralized direction.

If that cannot be achieved voluntarily, it must be imposed as Hitler imposed it—by force and terror, alike upon the employer and employee. He has imposed upon the employer in Nazidom a degree of "government interference in business" which has deprived the employer, as well as the worker, of the last shred of freedom.

Democracies Must Learn

It is up to us to learn to achieve by the methods of freedom—discussion, compromise, give and take, voluntary co-operation — the co-ordinations which Nazidom achieves by the methods of the prison and of slavery.

The democracies never seem to have been willing to make as much effort to render Democracy workable as the Nazis have been to make their system workable. We have not educated our people for Democracy with a tithe of the thoroughness that the Nazis have shown in educating their people for Nazidom.

Although our economic policies have to run the gauntlet of popular election, we give the electorate virtually no economic education. So it becomes fruitful soil for fantastic panaceas—as Canada knows.

For 10 years after the last war we had conference after conference of economists recommending one course of action and virtually all the governments of the world insisting upon taking the exactly opposite course of action, because the right course would be unpopular with the voters. It was unpopular with them for the simple reason that they just did not understand the arguments of the economists.

Vital Things Untaught

Why should they understand? In our schools every little boy and girl has to learn that the earth is round and rotates on its axis, that the world has had certain kings and queens in the past, fought certain battles. They learn a few words of languages which men ceased to speak over a thousand years ago.

Though they have to learn all this, they learn nothing of the nature of the thing which will concern them every hour of their lives—the money in their pockets, how it works, what banks do with it; how banks can increase and decrease it, what happens when they do. Of such things, which can be taught just as easily as the dead languages, or rules of grammar, or the vagaries of the dead kings and queens, the average boy or girl learns not one word.

Since the last war we have witnessed most of the nations of the world pass through devastating economic and financial collapse. Were they landed in these devastations by predatory Communist or Socialist governments? With one or two very temporary exceptions, all these governments were in the hands of highly educated classes.

The results are the test of how far the "educated" classes understood the nature of the society that they were called upon to manage.

And consider this fact: The diplomatic management previous to 1914, which landed us in the last Great War, the diplomatic management which landed us in this, was in the hands of men long subject to the kind of education which we have deemed a fitting preparation for our ruling classes. Can we say, in view of the result, that it was the right kind of education?

No Remedy in Hitler

For those failures we shall find no remedy in surrender to Hitler. His system will make of the employer a helpless and fear-stricken prisoner as much as it does the worker.

War may educate us. Men can be induced to do for war purposes what they will not do for peace. We are already adopting war measures which, when peace comes, can be applied to those problems of unemployment, business depression, economic insecurity, which baffled us in peacetime.

Out of the hard school of war may come the means of proving that democracies can achieve all the material results of which Nazidom boasts. Surely it can be done without these terrors and infamies, the craven and servile submissions, to which men cannot consent without debasement, and which in the long run free men will always fight, though it cost them life itself.

Aluminium Ltd. Pays $1.50 on Common

From Our Own Correspondent

MONTREAL. — Aluminium Ltd. has declared a dividend of $1.50 a share, U. S. funds, on preferred stock, payable Dec. 1, to shareholders of record Nov. 15.

It is also announced a dividend of $1.50 Canadian funds will be paid on the common stock Dec. 5, to shareholders of record Nov. 20.

Attention Officers

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Vol. XXXIV | Member of Audit Bureau of Circulations | PUBLICATION OFFICE: TORONTO, NOVEMBER 2, 1940 | 10c a Copy; $5.00 a Year | No. 44

Communications Meet Test of War

Canada's efficient communications have stood the rigorous test imposed by 14 months of war. A greatly increased volume of telephone and telegraph traffic has been handled.

The constructive peacetime policies of communication organizations have aided in the rapid conversion to the needs of war.

Fortunately, the field of communications is one in which Canada did not have to undertake any extensive programme of rehabilitation or improvement. Never before has the excellence of telephone, telegraph and cable systems in Canada been so clearly demonstrated.

Communications' Vital Role

Communications are the nerves of commerce and industry. Immediately upon the outbreak of war, use of all these media was stepped up. Mobilization of Canada's manpower and material resources was immediately reflected in traffic volume during the early part of the war.

In the central regions, where the greatest portion of industry and population is concentrated, long distance telephone calls in the larger municipalities jumped anywhere from 19% to 47%. In six cities of the central region, where government and military headquarters are situated, long distance calls increased 37.5% in the period from Sept. 1 to 8.

In the case of Ottawa, where most official and military activity is centred, long distance telephone calls advanced 54% in the first week of war.

The task imposed upon telegraph and telephone companies during the speed-up has been a big one.

In the last Great War telephone calls from east to west had to be routed across United States lines. Today Trans-Canada Telephone System makes this unnecessary. Rapid connections between Vancouver and Moncton and intervening points is made through the system.

Military Use Heavy

The mushroom growth of military camps and air training schools in out-of-the-way locations found facilities of many of the small local companies inadequate. Additional pole lines and wire and cable construction had to be constructed to cope with this sudden traffic. Communications in the various camps themselves necessitated connections with the various buildings of the large camps.

Camp Borden, well known to Great War veterans, is an outstanding example of the sudden demand. A large switchboard was installed at this camp, as well as a complete cable distribution system to serve the many telephones in the camp. Because of the vastly increasd number of calls into Barrie, the nearest town to the camp, it became necessary to increase telephone lines into the town fourfold. So many calls were going through Barrie from the camp that the exchange office in the town had to also increase its facilities for handling calls.

Telephone and Telegraph Volume Reach New Peak With War

The case of Camp Borden is typical. In all the other camps throughout the Dominion the same thing is occurring.

At Ottawa a wide expansion of governmental departments and increased diplomatic and governmental activity has placed a heavy burden on the telephone system. Additional long distance circuits have been terminated at the Capital. Several extensions have been made to the equipment to handle this increased volume. Further additions will double the size of the telephone system in Ottawa.

Rapid expansion of Canada's industry to meet wartime needs of the Empire is the third type of activity that has created an additional demand for telephone service.

In the case of established industry, stimulated by war, extension of plant and increased employment has meant greater use of the telephone and consequent installation of additional facilities.

Industrial Mobilization

Service has had to be provided for the new plants being erected throughout the country. Many of these factories are established in areas where there had previously been limited demand for service. Considerable extension of wire and cable facilities has been necessary to connect them with the nation's network.

Large quantities of telephone supplies are needed and the activity has thus extended to the manufacturers of equipment.

This increase in telephone traffic synchronizes with increasing activity on Canada's industrial front. After the initial spurt in September, the rise was steady but less spectacular.

Expansion has been made in the number of long distance circuits between various points as a result of this increase in traffic. Lines that link Ottawa, Toronto, Montreal, Quebec, Halifax and other points have been kept humming 24 hours a day.

During the current year restrictions on communications were eased. Radio telephone service between Newfoundland and Canada was re-opened after having been closed down at the outbreak of war. All calls are subject to censorship.

This service inaugurated early in 1939 was provided through the co-operation of Canadian Marconi Co., Bell Telephone Co. of Canada, and Avalon Telephone Co. of Newfoundland.

Contributing further to the efficiency of long distance telephone in the Dominion was the opening of a new direct telephone circuit between Toronto and Vancouver in the past month. This is the longest direct telephone circuit in the British Empire.

Five members of the Trans-Canada Telephone System made this new circuit possible, the Bell Telephone Co. of Canada, Manitoba Telephone System, Saskatchewan Government Telephone, Alberta Government Telephone and British Columbia Telephone Co.

Telegraph and cable companies are playing their part in the wartime speed-up of defense and industry. Where a letter would once have done the job with sufficient speed, the pressing need for haste now demands the use of a telegraph wire.

There have been conflicting trends influencing the operations of telegraph companies. Some sources of revenue have dried up because of disruptions and effects of war. Others have greatly increased. The net result has been to boost telegraph and cable revenues considerably above the preceding years of peacetime operations.

On the adverse side of the ledger is the greatly curtailed volume of transactions on the stock exchanges at Montreal, Toronto, Vancouver and Calgary and the grain exchange at Winnipeg. These sources were once among the largest users of the facilities of the telegraph companies. Now volume of trading has been drastically curtailed and telegraph and cable use has diminished accordingly.

Plant at High Efficiency

Financial institutions and enterprises associated with stock exchanges have also experienced a decline in business. This has been reflected in their restricted use of the telegraph companies' services.

More than offsetting these unfavorable factors, however, has been volume of business arising out of the war effort. Government, commercial and military activities have all contributed to the rising volume of mesages carried by telegraph wires and cables.

Telegraph companies have been able to look after the increased traffic comfortably. Plant and equipment have been maintained in excellent shape, and for some years previous, large capital outlays have been made in modernizing facilities.

All this activity in the communications business does not come as an unmixed blessing to the holders of securities of these companies.

The fact is that while revenues have risen as a result of increased traffic, higher operating costs and heavier taxes are expected to largely offset the gain in gross revenue. Cost of expanding facilities will do much to pare the spread between gross and net income.

Public investment interest in the communications industry is largely restricted to the telephone field.

There are seven principal telephone systems in Canada, three of which are Government-owned. These are in Manitoba, Saskatchewan and Alberta.

The other four major operating companies have a wide public interest. They are: The Bell Telephone Co. of Canada, British Columbia Telephone Co., Maritime Telegraph & Telephone Co. and New Brunswick Telephone Co.

Good Investment Record

In addition there are other minor companies operating in Canada, such as Northern Telephone Co. and Okanagan Telephone Co.

There is substantial Canadian investor interest in a number of holding companies such as Anglo-Canadian Telephone Co.

Canadian communication securities have for many years been regarded as prime investment media. Their progress for the most part has not been spectacular, but it has been of the type that gives steady income and security of principal.

Telegraph services are largely in the hands of Canadian National Railways, Canadian Pacific Railways and the Dominion Government. Montreal Telegraph Co. is the only direct investment offered in the telegraph industry in Canada. Shares of the company are closely held.

Canadian Broadcasting Corp. is a dominant factor in the radio broadcasting business in the Dominion, while the majority of other broadcasting enterprises are privately owned. There is, however, investment interest in Canadian Marconi Co., which operates wireless and wireless-telephone facilities.

Both field and fixed communication facilities play a vital part in the Empire's battle for democracy, and in defense of our own shores. Signal corps linesmen are given special training in the erection of poles and wires for military telegraph and telephone systems.

Telephone is Vital In Modern War

War lays greater stress on communications than peace. Awareness of the enemy's strategy is vital.

As far back as 1194 B. C. beacon fires were used to announce the fall of Troy. The early Greeks showed ingenuity in using polished shields to reflect sunlight. The signal drum of the African aborigines was a highly developed system.

These were the first elementary methods of communication—of transmitting information. Then, as now, superiority in relaying news of enemy movements was an overwhelming advantage.

Second World War Weapon

Major departure in this war has been the new scope of the airplane as a weapon of reconnaissance; bombing, terrorization of civilian population; strafing troops. The airplane to a large extent has supplanted the battering of heavy artillery.

To be most effective, air power must be coupled with faultless communications. Happily, defense is aided by even more efficient communications.

In addition, there are navigational aids, without which long range bombing and general aircraft operations would be impossible. Many of these devices have been developed in the telephone laboratory.

Two-way communication between ground and plane is a by-product of the telephone laboratory. The teletype and telephoto are used by all branches of the armed services.

Telephone By-Products

Still in the laboratory stage is the use of television in military reconnaissance or observation planes.

A new altimeter, which gives the pilot the exact altitude from the ground instead of from sea level, has been developed, but is not yet in general use. This terrain clearance indicator was developed by Bell Telephone Laboratories. Its general use will eliminate many of the hazards of flying in murky weather. Its application is, however, generally of more importance to civil aviation than military.

Facsimile equipment is now in commercial use and will be a useful military tool. Placing a picture or map on the sending end of the instrument, a beam of light is thrown on the picture through a tiny aperture. The light is interrupted 2,400 times a second and is reflected off the picture onto a photo-electric eye. The density of the map or picture is reflected in the degree of black or white of the rays. The photo-electric eye converts the strong or weak rays into strong or weak electrical impulses. These travel over the wire and are reproduced on another cylinder at any given distance over which the wire extends.

A negative is exposed on another cylinder to the glow of a small lamp which burns weakly or brightly according to the impulse transmitted. When the revolutions of the cylinder and negative are completed the map or picture is reproduced.

A military map 8 in. x 10 in. can be reproduced by facsimile in eight minutes, and a print made in a short time. Physical transmission of these maps from coast to coast could at the quickest possible time be conveyed in 17 hours from Montreal to Vancouver by airplane. By wire, the time required would be only a few minutes.

The normal channels of communication are also playing an important part in the Empire's war effort. The Overseas Telephone Service, now cut off from commercial use, is being utilized for the transmission of official and government messages.

Calls are transmitted across the ocean by short-wave radio.

All these and more form part of the equipment of modern war. Their performance is left to the specialists in the army, navy and airforce.

The telephone in the field is held in the same light as the telephone in the business office of a banker or an industrialist.

Ancient Communications

Early means of communication also required specialists. There were persons trained to receive and send signals. For the most part these communications were military and political in character. The conquerors required control over communications to maintain control over the populace. Such a procedure is not without its modern counterpart. The dictator states place a rigid control upon communications as a first step in establishing autocratic rule.

Early commerce and peronal messages were carried on for the most part by transportation. Even today secret communications of diplomacy are carried by courier. Messages were carried by men walking or running, riding on horseback, boat, or other means of transportation. The pony express of the last century was one of the most dramatic regular means of communications attempted.

Early Military Appreciation

With the invention of the telegraph and telephone, military tactics entered on a new and promising ground. For once the military mind was not slow in grasping the implications of a new invention, so important was their bearing on the conduct of military manoeuvres.

March 10, 1876, the first sentence was spoken over the telephone by Alexander Graham Bell. The following year he went to England to give publicity to his invention. At Aldershot, famous English military training ground, he gave demonstrations of his new instrument. In conjunction with the Royal Engineers, messages were transmitted over 20 miles of wire laid at the camp.

The German military was hard on the tail of the English in utilizing this revolutionary invention. In 1878 German military authorities tested the telephone to determine its value for military purposes. To indicate the advanced thinking of the military, it may be pointed out that at the time of this test in Germany there were no telephone exchanges in the world and only 33 telephones were in commercial use on private lines in Canada.

Although the military establishments of the world eagerly adopted the telephone, it was not actually on the field of battle until the Russo-Japanese War of 1905.

First Used in 1905

The Japanese embraced the telephone and erected the most costly of all telephone lines up "203-metre" hill at the siege of Port Arthur.

The first technique of using the telephone in real battle was tried. As a battalion would batter its way forward at this point, a Japanese soldier would carry the telephone set forward. If the battalion held its position, two men followed with a spool of wire. But this procedure was extremely costly in lives.

At the battle of Mudken, half a million men pushed forward in a line of one hundred miles. Every part of the moving army was connected by telephone. Each battery and battalion was connected to division headquarters. Each group of three divisions was wired to a general and five generals were wired directly to the main headquarters.

This battle was the first large-scale conflict in which the telephone was successfully employed.

By 1914 all major military powers had made the telephone the nerve circuits of the army. The lessons of Mudken were well learned and armies used substantially the same tactics as used there.

These vastly improved communications produced enormous changes in strategy.

Bell Telephone Laboratories, one of the foremost research institutions in the world, developed and produced a variety of instruments for the army. Electrical stethoscopes for the medical corps, radio sets for the tank corps, soundproof helmets equipped with earphones for the airforce, shockproof and foolproof field telephones and special telephones for use with gas masks for the infantry.

Devices for ensuring secrecy in communications were invented by telephone engineers. The "buzzerphone" is operated on a weak direct current instead of the usual alternating current. Enemy wire-tappers hear nothing but a feeble buzz when they listen in on communications.

Instruments now in common use in World War Two were largely developed from 1914 to 1918. One of the most important subsidiary contributions of telephone engineers is the sound detector. On the sound of an approaching airplane a current is generated within this electrical ear and an exceedingly weak current is generated. It is amplified 10 billion times and becomes audible in a telephone receiver. Submarine sounds are picked up by crystal microphones, warning the listeners at their posts on naval vessels.

The experience gathered in World War One and subsequent peacetime developments has given the belligerent armies of the current conflict a wide range of communication methods, and subsidiary devices that were not available to the armies locked on the Western Front in the last war.

Mobile radio and telephone equipment is an integral part of modern armies' equipment. Above, a member of the Canadian divisional signals is shown at a portable wireless telephone set during training in England.

Ability to get telephone information rapidly and accurately is even more important during wartime than in peace, especially with the speeded tempo of both military and business activity and the many new enterprises getting under way. Pictured here are some of the 20 bilingual girls manning an information board in Montreal.

Communication Companies Index

Alberta Govt. Telephones . 18
Anglo-Canadian Telephone 17
Associated Tel. & Tel. . . 17
Avalon Telephone 14
B. C. Telephone 15, 17
Canada Wire & Cable . . . 18
Canadian Marconi 18
City of Edmonton Tel. Sys. 16
Eastern Twps. Telephone . 15
Farmers' Telephone . . . 15
Manitoba Telephone . . . 16
Maritime Tel. & Tel. . . . 14
N. B. Telephone 14
Northern Electric 18
Northern Telephone 16
Okanagan Telephone 18
Phillips Electrical 18
Pt. Arthur & Ft. William . 16
Quebec Telephone 16
Sask. Govt. Telephone Sys. 16
Telephone Securities . . . 17
Trans-Canada Telephones . 17

Rapid strides made in the improvement of wire, cable and conduit equipment has made it possible to put hundreds of pairs of wire into a single conduit. This requires skilled installation, testing and repair workers.

Maritime Phone Companies

Telephone Traffic Rises In Eastern Canada Area

Arms and manufactures for embattled Britain are flowing through eastern Canadian ports. From day to day this flow of goods is increasing. When the ice ties up the inland ports of Canada, facilities of the Maritimes remain Canada's sole arcess to the sea on the east.

This fact has brought about a remarkable transformation in the Maritimes since the outbreak of war. Elimination of markets for certain of the natural products of the area has imposed certain handicaps, but activity has bounded to high levels.

Telephone traffic has increased correspondingly. Long distance telephone calls of Maritime Telegraph & Telephone Co., for example, increased 15,636 during August in Nova Scotia over the same month last year. Toll traffic in the first half of the year was up 12.3%.

Island Telephone Co., subsidiary of Maritime Telegraph, operating in Prince Edward Island has experienced a decline in long distance traffic.

Maritime Telegraph & Telephone Co. and New Brunswick Telephone Co. are the principal telephone organizations operating in the Maritimes.

Maritime Tel. & Tel.

Maritime Telegraph & Telephone Co. operates the entire telephone system of Nova Scotia and, through control of the Island Telephone Co., facilities on Prince Edward Island.

Stations in service at the end of August established a record, 45,139 being installed, against 43,483 at the end of 1939. Long distance traffic also has increased sharply this year.

Operations last year showed substantial expansion with volume of business and gross revenue the highest in the company's history.

Gross revenue increased $95,106 over the preceding year to $2.1 millions. The increase was partially offset by higher operating expenses and heavier burden of taxation. These two items were up about $37,000. However, net profit increased to $436,959 from $378,548 in 1938. On these profits the 7% preferred stock of $10 par value showed earnings of $2.91 and $2.52, respectively. The common stock showed earnings of 87 cents and 73 cents. An extra disbursement of 10% was made on the common during the year, bringing total payments to 80 cents, against 72½ cents in 1938.

Additions and improvements to plant during the year amounted to approximately $400,000. There were two new dial exchanges and a manual switchboard installed.

The company is contemplating substantial expenditure for extension and improvement of the long distance system by means of carrier circuits, the president stated in the annual report for 1939. Capital expenditures have been high in recent years because of the increased demand upon the company's services and the necessity of switching to dial from manual.

Atlantic Utilities Ltd., wholly-owned subsidiary of Maritime Telephone & Telegraph Co., owns Island Telephone Co. Atlantic Utilities also owns the Eastern Electric & Supply Co. Island Telephone operates the principal telephone system in Prince Edward Island, serving a population of approximately 90,000.

Directors—J. H. Winfield, pres. and man. dir.; W. A. Winfield, gen. mgr.; E. L. MacDonald, W. R. Powell, R. A. Corbett, Halifax, F. Johnson, C. F. Sise, Montreal; A. J. Campbell, Truro; George Killam, Yarmouth; James McConnell, Sydney; J. W. McLeod, New Glasgow; Hon. F. R. Davis, Bridgewater. **Sec.-treas.**—C. A. B. Bullock. **Asst. sec.**—R. O. Cutler.

N. B. Telephone

The New Brunswick Telephone Co. owns and operates the telephone system in the province. It is the second largest system in the Maritimes and connects on the east with Maritime Telegraph & Telephone Co., and on the west with the Bell Telephone Co. of Canada. It is an important link in the Trans-Canada Telephone System.

During 1939 operations showed a general improvement over the preceding year. Increases of 2½% were recorded in exchange service, 7.9% in toll service, 3½% in the number of long distance calls, and 34% in the trans-Canada business. Number of telephones increased by 775 to 32,348. The latter total is 1,000 below the company's previous record in 1930.

Control of the company is held by the Bell Telephone Co. of Canada, although it is operated as an independent unit. The company was originally property of the Bell system. New Brunswick Telephone was organized in 1880 to take over the New Brunswick properties of Nova Scotia Telephone Co., which had previously acquired the Maritime properties of Bell Telephone Co.

Capital Outlay Large

The company has made substantial capital expenditures in recent years, and in 1939 reported a net increase in plant, real estate and equipment of $352,398.

Installation of the automatic telephone system at Moncton was completed, as well as construction of new buildings. A total of 379 miles of new copper circuit were erected during the year.

Net profit of the company in 1939 totalled $312,301, against $292,418 in 1938. Earnings, based on average shares outstanding during the year, were equivalent to 51 cents in the year. Dividends are being paid at the rate of 5% annually, a rate that has been maintained in each year since 1932, with the exception of 1937 when 5½% was paid.

Increase Capital

An increase of capital by $574,500 was effected during 1939 under an offering of rights to shareholders to purchase one new share at $10 for each 10 shares held.

Because of this financing, working capital at the end of 1939 showed a marked increase from the previous year, totalling $207,260, against $19,788 at the end of the preceding year. Bank loan was also reduced during the year from $220,000 to $60,000.

Directors—*Hon. F. B. Black, pres., Sackville; *H. P. Robinson, vice-pres.; W. C. Allison, *W. E. Golding, Saint John; J. M. Robinson, Rothesay; Hon. R. B. Hanson, Fredericton; E. W. Mair, Woodstock, N.B.; *F. Johnson, Montreal; H. O'Leary, Richibucto; *F. R. Sumner, Moncton; A. D. Ganong, St. Stephen; G. P. Burchill, South Nelson; W. J. Kent, Bathurst; Hon. G. B. Jones, Apohaqui; Pius Michaud, Edmundston. **Sec.-treas.**—N. E. Moore. **Gen. mgr.**—O. J. Fraser.

*Members of executive committee.

Avalon Telephone

Avalon Telephone Co. owns and operates the telephone system at St. John's, Nfld., and surrounding district. During 1939 the company increased telephones in operation by 325, bringing total in service to 8,555, an all-time peak in the company's history.

Gross earnings of the company showed a moderate growth in 1939, totalling $271,202, against $254,605 in 1938.

After provision for full depreciation and other charges, including income tax, there was sufficient available to pay the usual dividend of 7% on the preferred and common shares.

Radio telephone service between Canada and Newfoundland, which was suspended at the outbreak of war, was brought back into service in August of the current year.

The service between the two countries was started at the beginning of 1939, and provided, through the cooperation of three companies, Avalon Telephone Co., Bell Telephone Co., and Canadian Marconi Co.

Wireless Service Resumed

The war also resulted in suspension of wireless telephone service between St. John's and Burin Peninsula. Service has been restored to both the Grand Falls area and Burin Peninsula.

Avalon Telephone Co. was incorporated in 1919 to acquire the telephone system of the Anglo-American Telegraph Co. The company now operates under a franchise from the Newfoundland Government extending to 1977.

Capitalization consists of $800,000 of 4½% first mortgage 20-year sinking fund bonds; 16,000 preference shares of $25 par value; and 9,454 common shares of $25 par value.

Common dividends have been paid as follows: 2% in 1922; 4% in 1923; 5% in 1928; 6% in 1929; and 7% in 1930 to 1939, inclusive.

Total assets amounted to $1.8 million at Dec. 31, 1939, of which $1.5 million represented investment in plant and equipment. Reserve for depreciation amounted to $249,342.

Directors—R. J. Murphy, pres. and man. dir.; J. D. Cameron, sec.-treas.; G. Brownrigg, M. E. Martin, A. E. Hickman, St. John's, Nfld.; E. S. Morse, Toronto; J. A. Weldon, Montreal.

CONTINENT BRIDGED 1915

The current year is the quarter century anniversary of the first time that a voice spanned the North American continent by telephone. In January, 1915, New York spoke with San Francisco.

Telephone Securities

Bonds:

	Int. Rate %	Maturity	Outstand. $	Times Int. Earned After Deprec. 1939	1938
Philippine Long Distance Telephone:					
1st Mtge. S. F., A	6	1953	1,468,500	....	....
Avalon Telephone:					
1st Mtge. S. F.	4½	1958	800,000	2.60	2.41
Associated Telephone and Telegraph:					
Gold Debs., A	5½	1955	11,900,000	*1.46	*1.63
*Times all interest earned.					
Phillips Electrical Works: (Subsidiary of Associated Telephone and Telegraph Co.):					
1st Mtge. S. F., A	5	1953	1,267,500	7.15	....
Bell Telephone:					
1st Mtge., Series B	5	1957	30,000,000	2.99	3.25
Do., Series C	5	1960	7,500,000		
Do., Series D	3¼	1964	25,000,000		
Pension Fund Notes*	...	....	8,878,936		
*Sold to Pension Fund Trustees.					
British Columbia Telephone: (Controlled by Anglo-Canadian Telephone):					
1st Mtge., Series B	4½	1961	12,500,000	2.64	2.72
Okanagan Telephone: (Controlled by West Canadian Hydro-Electric):					
1st Mtge. Coll. Tr. Ser.	4¼	1940-59	435,000	....	....
S. F. Debs.	4½	1960	225,000	....	....
Maritime Telegraph & Telephone:					
Ref. & Gen. Mtge., B	*6-4½	1966	1,500,000	3.64	3.30
Series C	4	1967	2,000,000		
*Interest rate 6% to July 1, 1941, 4½% thereafter.					
Atlantic Utilities: (Wholly owned subsidiary of Maritime Telegraph & Telephone):					
1st Mtge. & Coll. Tr., B	4	1957	500,000	Not available	
1st Mtge. (Closed) (The Isl. Tel. Co.)	6	1943	100,000		
Northern Telephone:					
1st Mtge. Serial	5	1941-57	151,000	20.0	19.8
Quebec Telephone and Power:					
1st Mtge. & Coll. Tr., A	5	1955	376,000	2.30	1.53

Stocks:

	Outstand. $	Earned per Share 1939 $	1938 $	Div. Rate $	Price Range —1939-40— High	Low	Last Price	Yield %
Anglo-Canadian Telephone:								
Pref. 5½% cum., par $50	82,600 sh.	7.15	7.95	2.75	50	43⅝	44	6.2
Class A, par $10	487,100 sh.	0.73	0.72	0.60	...	...	...	...
Deferred, par $10	200,000 sh.	0.13	0.12	nil	...	...	...	...
Telephone Securities:								
Com., par $10	†1,600,000	...	...	*0.34	...	...	...	...
†All owned by Anglo-Canadian Telephone Co. and certain of its wholly owned subsidiaries. *Paid in 1939.								
Philippine Long Distance Telephone:								
Com., 100 pes. par	70,571 sh.	5.43	5.36	*5.00	†55	39¾	...	...
Telephone Securities with Anglo-Canadian Telephone Co., owns approx. 35% interest in the capital stock. *Paid in 1939. †To Sept. 13, 1940, on San Francisco Stock Exchange.								
Avalon Telephone:								
Pref. non-cum. part., par $25	16,000 sh.	2.79	2.85	1.75	...	...	...	...
Com., par $25	9,454 sh.	1.76	1.86	1.75	...	...	...	...
Associated Telephone and Telegraph:								
1st Pref. cum., par $100	3,296,700	2.67	3.19	†0.56	...	...	...	...
$6 1st Pref. cum. red., n.p.v.	47,194 sh.	2.67	3.19	†0.48	34	26	...	...
$4 Pref. cum., n.p.v.*	23,886 sh.	d12.57	d10.79	nil	2	2	...	...
Cl. A cum. part., n.p.v.	101,431 sh.	d3.90	d3.48	nil	...	...	...	...
Com., par $1	1,038,308	d0.77	d0.73	nil	...	...	...	...
*Formerly class D. †Paid in 1940 to date.								
Phillips Electrical Works: (Subsidiary of Associated Telephone and Telegraph Co.):								
Com., par $100	3,600,000	5.19	...	†2.00	...	...	...	...
81.7% of stock held by Associated Telephone and Telegraph Co. †Paid in 1939.								
Bell Telephone:								
Com., par $100	819,234 sh.	8.05	8.06	8.00	178	130	157	5.1
Of which 23.2% is held by American Telephone & Telegraph Co. (N.Y.).								
Eastern Townships Telephone: (Controlled by Bell Telephone Co.):								
Com., n.p.v.	10,534 sh.	1.53	1.20	†0.93	...	...	...	...
Majority held by Bell Telephone Co. †Paid in 1940 to date.								
Farmers' Telephone Co.: (Controlled by Bell Telephone Co.):								
Com., par $25	3,976 sh.	1.35	0.87	1.25	...	...	...	...
British Columbia Telephone: (Controlled by Anglo-Canadian Telephone):								
Preference cum., par $100	1,000,000	71.98	71.65	6.00	...	...	...	...
Preferred cum., par $100	4,500,000	14.67	14.59	6.00	...	...	...	...
Ordinary, par $100	4,500,000	8.67	8.59	8.00	...	...	...	...
Canadian Marconi: (Controlled by Canmar Investment Co. which is controlled by Cable & Wireless):								
Com., par $1	4,554,682	0.05	0.06	*0.04	1.85	0.65	1.05	...
*Paid June 1, 1940.								
Canada Wire and Cable:								
Pref. cum. red., par $100	2,874,100	24.04	16.10	6.50	185¾	101	107½	6
Class A, conv., n.p.v.	29,669 sh.	16.99	9.30	4.00	65	40¼	58	6.9
Class B, n.p.v.	150,662 sh.	2.56	1.04	*1.25	25	14	20	6.2
*Rate for 1940.								
Okanagan Telephone: (Controlled by West Canadian Hydro-Electric):								
Com., par $100	*417,400	...	...	†5.00	...	...	...	...
*All owned by West Canadian Hydro-Electric. †Paid in June, 1939.								
Maritime Telegraph & Telephone:								
Pref. 7% cum., par $100	1,500,000	2.91	2.52	0.70	17¼	16	16	4.4
Com., par $10	3,800,230	0.87	0.73	.70+.10	17½	15	15	5.3
Atlantic Utilities: (Wholly owned subsidiary of Maritime Telegraph & Telephone):								
Com., n.p.v.	270,000 sh.	Not avail.		...	...	...	...	...
Entire stock held by parent company.								
New Brunswick Telephone:								
Com., par $10	6,359,340	*0.51	0.51	0.50	...	...	...	...
*Based on average shs. outstanding during year.								
Northern Telephone:								
Com., par $1	477,960	0.20	0.24	0.08	...	...	...	...
Quebec Telephone and Power:								
Class A, n.p.v.	36,286 sh.	0.61	0.22	nil	5	4	4	...
Class B, n.p.v.	35,196 sh.	d1.43	d1.84	nil	...	...	...	...

Airport

To most people, the word "airport" brings to mind only completed buildings and planes taking wing. But to reach that stage, the most complex construction problems have to be solved. Among them is the vast underground work requiring expert knowledge; and in this respect, the Par-Tex organization is proud to have shared the responsibility of contributing to the complete efficiency of Canada's pilot training grounds.

Canada's Leading Engineers and Contractors for

UNDERGROUND CONDUIT and BURIED CABLE for TELEPHONE AND POWER INSTALLATIONS

ORNAMENTAL LIGHTING

AIRPORT—HIGHWAY and TRAFFIC SIGNALS

Par-Tex Foundation Co., Limited

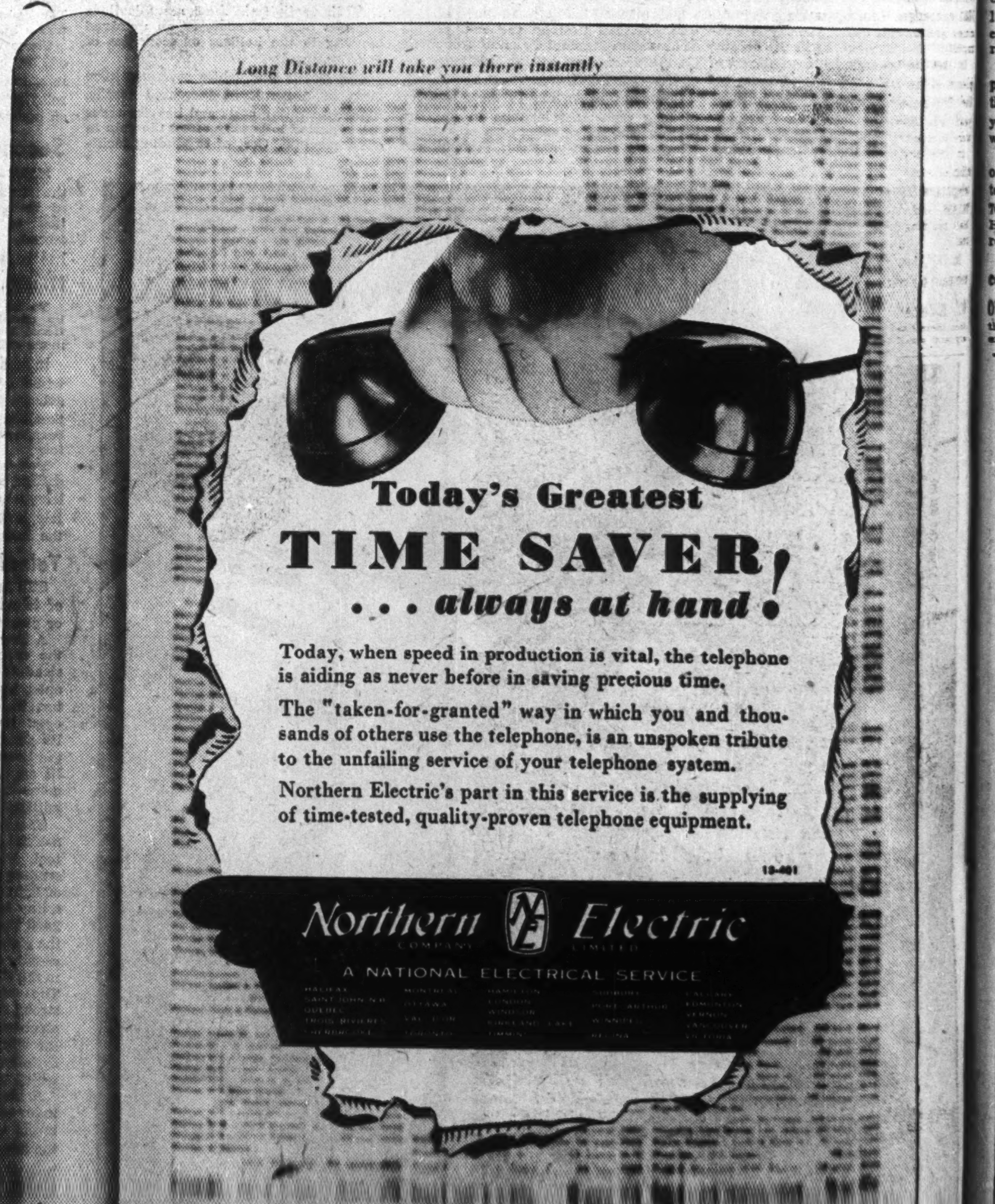
LONDON TORONTO MONTREAL

BELL SHAREHOLDERS

Shareholders of Bell Telephone Co. number 20,600 and 19,200 of them live in Canada. Financial record of the company is free from stock splits and bonus shares. Shares have an equity of $114. Profits from 1929 to 1939 have averaged 6.27% a year on the book value of the shares outstanding, ranging from 8.11% in 1929 to a low of 4.91% in 1933.

PIONEER IN FIELD

British Columbia Telephone Co. is a pioneer in the telephone field having commenced operations in 1891 as the Vernon & Nelson Telephone Co.



B. C.'s Telephone Trend Is Still Upward

Our Company and associated companies in B. C. had 134,401 telephones on September 1, 1940, the highest number in our history up to that date, and a gain of 2,417 since the beginning of the year. We showed an increase in each of the first eight months of the year, even in July which is normally a poor month because of vacation take-outs.

BRITISH COLUMBIA TELEPHONE CO.

Bell System Operations Accelerated

Central Region Activity Spurred by War Effort

The central region of Canada, formed by Ontario and Quebec, might be termed the hub of Canada's industrial machine. In this territory a large majority of the Dominion's population and industrial capacity is centred. The nerve centre of the nation is at Ottawa. The network of military and governmental control spreads from the Capital to every part of the country; to a factory in Alberta, an air field in Saskatchewan, or a naval base in the Maritimes.

Telephone communications in this central area have received a tremendous fillip since the outbreak of war. The industry in the central region is dominated by Bell Telephone Co. of Canada. With the exception of Port Arthur and Fort William and smaller municipalities, all the larger centres are serviced by the company.

Telephone Lines Hum

The rural areas are served by small independent companies and municipally-owned systems. Through the Bell Telephone Co. they connect to the Trans-Canada System.

While Canada is "all-out" in its war effort it appears certain that the facilities of the company will be taxed heavily. Long distance telephone calls, particularly, have experienced the impact of war. Local calls in the larger centres have advanced. Establishment of military camps, many of which are located in this area, have created need for additional service.

Bell Telephone

Bell Telephone Co. of Canada is the largest telephone system in the Dominion. It is a dominant factor in the central provinces of Ontario and Quebec.

In 1939 telephones operated by Bell reached an all-time high of 785,455. The previous maximum of 784,796 was reached in 1930. The current figure is considerably more than all other telephones operating in the remainder of the country.

Taking into consideration the additional 146,112 telephones, with which the organization has connections, 931,567 telephones are serviced by the company. Of the 785,455, total in operation at the end of 1939, 277,634 were business telephones, and 507,821 were residence instruments.

World-wide Connections

The majority of cities and towns in the central region are served by Bell. Interchange arrangements in Quebec and Ontario, principally with rural lines, number 884, with a total of 146,112 telephones.

The company has access to every part of the Dominion through Trans-Canada Telephone System and its connections. Through the American Bell System, it connects with U. S. points and countries linked by radio telephony.

During 1939 average local telephone connections handled daily by the company were 5,838,000. In addition there were 60,000 long distance calls daily.

60th Anniversary

In the current year the Bell Telephone is marking its 60th anniversary. The company was formed in 1880 and the first year was largely devoted to taking over licenses, plants and goodwill of numerous companies operating in Canada. By 1881 exchanges were operating in 41 cities and towns. The system grew rapidly.

In 1908 the Manitoba and Alberta plants of the company were sold to the Provincial Governments. Next year the Saskatchewan facilities were sold to that Government.

In 1924 the company's first dial office was cut in at Toronto. By 1929 telephones in service had grown to 761,456, and the company's Beaver Hall building was opened at Montreal.

In 1931, for the first time in the company's history, telephones taken out exceeded installations. Since then there has been a steady recovery and stations now in operation are at the highest level in the company's history.

Huge Growth

In these 60 years from 1880 to 1940 the company has grown from an enterprise with total assets of $400,000 to one with more than $245 millions.

Some idea of the widespread ramifications of the company may be gained from the following figures:

The company has 412 central offices; owns 128 buildings; operates 23,149 miles of pole lines and 3.7 million miles of underground and aerial cable and open wire. Street subways total 1,009 miles in length and duct totals 5,094 miles.

The company employs 9,711 persons, 4,703 of which are male and 5,008 female. Annual payroll amounted to $16,9 millions in 1939.

Follow Aggressive Policy

The company spends large sums annually on capital outlay, ensuring utmost efficiency in the system and installation of the latest equipment.

In 1939 it spent $15.1 millions on additions to plant, while original cost of plant retired during the year was $10 millions. Net addition to plant was therefore $5.1 millions. This compares with net additions of $4 millions in 1938.

In October this year there was placed in operation a new direct telephone circuit between Toronto and Vancouver. This is the longest direct telephone circuit in the British Empire. The new circuit was made possible through the co-operation of the five members of the Trans-Canada Telephone System. This will further increase the efficiency of the service between the Maritime Provinces and the Pacific Coast.

Excellent Investment Record

The company has an excellent investment record. Dividend payments, previously referred to, have been exceptionally stable. Common dividends have been since 1881. Up to 1932 the rate was 8%, when a large-scale decline of telephones brought about a cut to 7¼%. During 1933 to 1936, inclusive, it was 6%; in 1937, 7½%; and in the following year 8%.

The company's gross revenue rose 3.5% in 1939 to $43.1 millions, while net profit rose by $60,068 to $6.5 millions. This was equivalent to earnings of $8.05 a share on the common stock, aaginst $8.06 in 1938.

While revenues have risen since the outbreak of war, because of the increased number of telephones in service and the greater volume of long distance traffic, higher operating costs and heavier taxation are expected to largely offset the gross income increase.

This factor appears to have brought forth a reassuring statement from C. F. Sise, president, on July 8 this year. Mr. Sise stated that the company expects to earn and pay the present $8 dividend rate in 1940. He stated that taxes will be about $1.8 million higher than in 1939, but that this will be nearly offset by increased earnings and savings in interest charges, resulting from refinancing of the series A first mortgage bonds.

This saving resulted from a series of refunding operations which commenced on Aug. 1 1939, when the company issued $25 millions of 3¼% first mortgage 20-year bonds, payable in Canadian funds only. These were sold privately to eight Canadian and four American institutions at a premium. This flotation was to provide the major part of funds for redemption of $30 millions of series A 5% bonds. The balance of $6 millions was provided by $3 millions from the company's cash resources and a $3 millions bank loan.

The company deposited $31.5 millions in U. S. funds for the redemption of the series A 5% bonds on March 1 this year. The net effect of the financing operation was to reduce interest charges substantially and to remove risk of high premiums on U. S. funds. In light of the existing high premium, this move was particularly favorable to the company.

Employee Shareholders

Bell Telephone employees participate in the fortunes of the business through a stock-holding plan. At the end of 1939, 3,621 employees held 36,620 shares, representing 4.5% of the total shares outstanding. The company is controlled by Canadian stockholders. At Dec. 31, 1939, there were 40,584 shareholders, of which 19,193 or 93.2%, were living in Canada. They held 68.4% of the outstanding stock. American Telephone and Telegraph Co. held 23.2% of the outstanding shares.

Directors — *C. F. Sise, pres. and chm.; *P. A. McFarlane, vice-pres.; *F. Johnson, vice-pres., Montreal; W. F. Angus, *C. E. Gravel, *A. B. Purvis, *J. A. Eccles, *P. F. Sise, Montreal; *Hon. Henry Cockshutt, Brantford, Ont.; W. H. Harrison, W. S. Gifford, New York; J. M. Macdonnell, Glyn Osler, Toronto; Sir George Garneau, Quebec, P.Q.; Hon. S. C. Mewburn, Hamilton, Ont. Vice-pres.—J. H. Brace. Sec.—F. G. Webber. Treas. — J. R. Logan. Compt. — J. Cleugh. Gen. mgrs. — J. N. Groleau, Montreal; H. G. Young, Toronto.

*Members of executive committee.

Phone Investment $342 Millions

Total capital of Canadian telephone companies is more than $292 millions. Cost of property and equipment of these companies at the end of 1938 amounted to $342.2 millions. Income amounted to $64.7 millions during that year, while expenditure totalled $55.2 millions, leaving net income of $9.5 millions.

Farmers' Telephone

Farmers' Telephone Co., with head office at Howick, Que., operates the telephone system in the vicinity of the town. At the end of 1939 the company operated seven exchanges with 1,188 stations. The company is controlled by the Bell Telephone Co. of Canada.

Capital consists of 3,976 shares of $25 par value common stock. Dividends have been paid at the rate of $1.25 a share for the past five years. The company has usually been able to cover this dividend by a good margin. In 1939, net profit of $5,366 was equal to earnings of $1.35 a share on the common stock. In 1938, earnings of 87 cents a share were insufficient to cover the dividend paid.

Assets of the organization amounted to $190,466 at Dec. 31, 1939. Real estate is shown on the balance sheet at $6,161, while telephone plant and equipment is valued at $166,804.

Directors—Robt. Neilson, pres.; J. E. Ness, vice-pres.; W. R. Stuart, J. E. Choquette, G. C. Garner, Montreal; J. O. McKell, Riverfield, Que.; J. Houston, Howick, Que.; W. Younie, Brysonville, Que. Gen. mgr. and sec.-treas.—W. F. Welch.

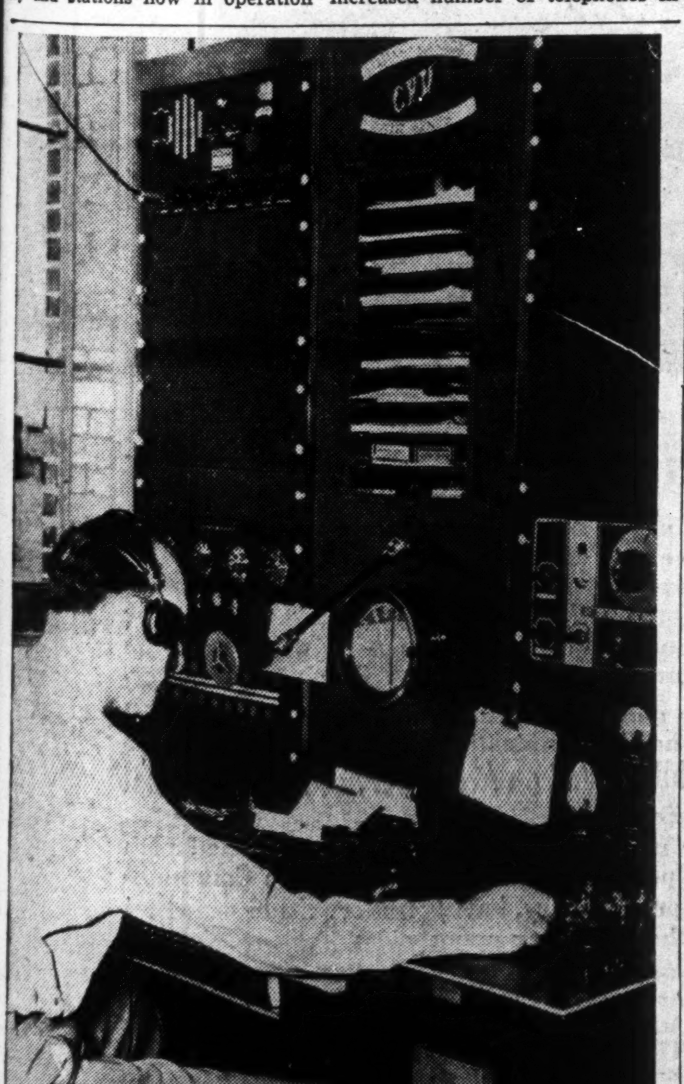
Eastern Twps. Telephone

Eastern Townships Telephone Co. was incorporated in 1888, only eight years after the Bell Telephone Co. of Canada, which controls the organization. It was formed in 1888 under the name of Sherbrooke Telephone Association, which operated the telephone system around Sherbrooke. The company has 10 exchanges and at Dec. 31, 1939, there were 2,606 stations in operation.

Capitalization of the company consists of 10,554 no par common shares. Dividends are paid at the rate of 72 cents a share annually. These dividends have been covered by a wide margin in the past four years. In 1939 net profit of $16,185 was equivalent to $1.53 on the common shares, against $1.20 in 1938.

In the past five years, current liabilities have exceeded current assets. At Dec. 31, 1939, current

(Continued on page 16)



Constant contact with the ground, to get latest weather information, operating instructions and other directions, is essential to keep Trans-Canada Air Lines planes flying safely between Canadian cities. This contact is maintained by a network of radio telephone and radio beam units, illustrated above by a glimpse of an operator at the control panel of the Moncton airport unit.

IN THESE critical times — which test the stamina of individuals and nations — national defence is the primary concern of every single one of us . . . and communication systems are an essential link in national defence. Playing a vital part in the prosecution of the Empire's war effort, the Trans-Canada Telephone System is no less ready to meet the everyday demands of business and pleasure. Though many workers have already enlisted for overseas service, the member companies of the Trans-Canada System are able to maintain an adequate force of trained men and women. They work together, and with the management, to insure that necessary equipment . . . and necessary skill . . . will always be available where and when needed. All our materials and equipment are modern and efficient . . . and the apparatus supplied to Canadian telephone subscribers is unsurpassed. Now, as always, it is the purpose of the Trans-Canada System to provide subscribers with long distance telephone service that is swift . . . dependable . . . and inexpensive.

THE TRANS-CANADA TELEPHONE SYSTEM
is owned and operated by:
THE MARITIME TELEGRAPH AND TELEPHONE COMPANY
THE NEW BRUNSWICK TELEPHONE COMPANY
THE BELL TELEPHONE COMPANY OF CANADA
THE MANITOBA TELEPHONE SYSTEM
THE DEPARTMENT OF TELEPHONES, SASKATCHEWAN
THE ALBERTA GOVERNMENT TELEPHONES
THE BRITISH COLUMBIA TELEPHONE COMPANY

THE TRANS-CANADA TELEPHONE SYSTEM

TRANS-CANADA
TELEPHONE SYSTEM

Mile after mile across plain, hill and valley, under city streets and rural meadows, swinging across rivers, the cables of Canada's fixed communications systems are an essential unit of the nation's equipment for carrying on its operations in peace or war.

Prairie Outlook Uncertain

Outlook for the three Government-owned telephone systems in the Prairie Provinces is tempered by the rather melancholy prospects for wheat.

Industry of the prairies is springing to life as Canada's industrial mobilization gains ground. Airplane propellers are whirring over the flat terrain of the wheat-growing province. Air training camps and military establishments of all descriptions are accelerating commercial activities. But the basic weakness of the prairie economy remains—dependence upon wheat.

Whether the new factors will be able to offset the drastic curtailment of export markets for wheat remains to be seen.

The immediate future of the provincial systems depends on this, as well as the many rural systems operating in the provinces.

Manitoba Telephone

Manitoba Government Telephone System is owned and operated by the Provincial Government and is wholly self-supporting. Government investment in the system totals $22.2 millions.

Since 1935 the system started to emerge from the depressed condition in which it found itself during 1932-34 in common with other telephone systems in the Dominion. Since then the company has increased number of telephones by 11,000 to 1939, when 70,477 stations were in use throughout the system. Connecting companies telephones totalled 2,963 at the end of 1939, making a grand total of 73,440.

Subscribers Gaining

Peak year in the system's operations was in 1929, when telephones installed totalled 76,042. Gross revenue in that year was $3.9 millions and net surplus, $281,200.

In the intervening period rates were reduced by more than $200,000 annually, not including reductions made in Winnipeg for certain classes of service. This relatively better ratio of net surplus to gross revenue was accounted for by the decrease in operations and maintenance expense and in plant replacement. Operation and maintenance were cut $235,019 during these years; plant replacement was reduced by $436,920.

Gross Revenue Up

Gross revenue in 1939 rose by $98,511 to $3.3 millions or 3% over 1938. Total assets at the end of the fiscal year totalled $34.3 millions, an increase of $665,421 over the preceding year. Total plant amounted to $22.7 millions, an increase of $10,768. Gross additions to plant during 1939 were $883,443, and the original cost of plant removed from service was $872,675, leaving the $10,768 net increase.

During the year 13,534 new services were installed and 11,425 removed, leaving net gain to the system of 2,118 telephones. Of the 1,659 new services installed in the Winnipeg area, 1,332 were residence services and 327 business.

In the annual report for 1939 it is estimated that the system can take care of approximately 7,000 new services without any major construction programme. Under existing conditions it is estimated that the system could carry on for another two years from the end of the 1939 fiscal year on present facilities.

Calls Higher

Total number of calls made in Winnipeg during 1939 amounted to 176.1 millions, an increase of 8.6 millions. Local calls at provincial exchanges were 23.3 millions and long distance calls totalled 1.1 million, making a grand total of 200.5 millions, an increase of 7.3 millions over 1939.

Manitoba Telephone System provides services in rural districts at one of the lowest rate scales in the Dominion.

Telephone service in the province was initiated in 1880. It was first introduced by private individuals operating a small exchange at Winnipeg. In 1881 the Bell Telephone Co. of Canada bought out this exchange and next year the company established exchanges at Portage La Prairie and Brandon.

In 1908 the Manitoba Government purchased the Bell System for $3.4 millions of 4% Province of Manitoba bonds. At that time there were 14,043 telephones in operation.

Steady Growth

This purchase of the telephone system by the Government was the culmination of a long period of agitation for public ownership of telephone.

The system has grown steadily since acquisition by the Manitoba Government, in fact since formation of the first private organization in 1880. All settled parts of the province are connected by telephone. Through the Trans-Canada Telephone System the Manitoba System has connections with all points of the world.

Sask. Govt. System

Saskatchewan Government Telephone System operations during the year ended April 30, 1940, show an improvement over the previous year.

There was an increase of 1,807, or 5% in local subscribers' stations and an increase of 688 rural subscribers.

Local subscribers' increased during the year to 37,009 and rural stations connected increased to 32,945. Total of both amounted to 69,954 at April 30, 1940.

A total of 2.3 million long distance completed messages was handled during the year, an increase over the preceding year of 187,641, or just under 9%.

Open New Territory

During the past year long distance telephone facilities were extended into new territories to serve the following communities: Carrot River, Endeavour, Garrick, Love, Moose Range, Snowden, Weekes.

The System is continuing its general policy of further extension of long distance facilities as new outlying settlements are developed.

Paying Own Way

Despite the fact that the province has passed through exceedingly difficult times in the past decade the Government Telephone System has remained self-supporting.

For the past year the company was able to meet all current operating charges, interest and depreciation, and in addition make a reduction in deficit account. The latter was reduced from $578,089 to $474,540.

Numerous Rural Lines

Operations of the System are largely confined to urban exchanges and the long distance telephone network. Rural telephone service is provided by small companies, which have been actively encouraged and supervised by the Government. There were 898 rural companies connected to the Government system at April 30, 1939. There were 1,175 private rural companies altogether.

Saskatchewan was initiated early into telephone communications. In fact, the history of the telephone pre-dates the formation of province. In the North West Territory days, in 1884, Regina had nine telephones. By 1889 this number had grown to 39. An exchange was opened in Prince Albert in 1891, and in Saskatoon in 1893. Notwithstanding the early start, telephone communications were largely undeveloped in the province when the Government entered the field in 1907-8 by purchasing existing properties. Purchases consisted of 17 local exchanges and 492 miles of long distance pole lines.

Early Automatic User

Saskatchewan was well ahead of many of the other provinces of the Dominion in the use of the automatic telephone. As early as 1907, when it was privately owned, the Saskatoon exchange was converted to automatic operation. In 1912 a cyclone destroyed the Regina plant, and the new installation was automatic. Today there are 10 automatic exchanges on the system.

Alta. Govt. Telephones

Operations of Alberta Government Telephones in the year ended March 31, 1940, recorded an improvement.

Operating revenue during the year totalled $2.7 millions, comprised of: Exchange, $1.4 million; toll, $1.1 million, and other revenue, $220,477.

Operating expenses totalled $1.1 million, leaving net operating revenue of $1.6 million. After deduction of interest and other fixed charges, net earnings transferred to reserves amounted to $860,391. This compares with $541,280 in the previous year.

The System's balance sheet at the end of the 1939 fiscal year showed plant in service of $15.2 millions, while inventory and supplies amounted to $496,828. Capital liabilities totalled $27.5 millions. Part of the capital debt represents bonds sold to finance construction of rural lines, which have since been abandoned. Losses on sales and abandonment of rural lines, toll lines and equipment are shown on the balance sheet at $8.2 millions.

Reserves totalled $3.1 millions, of which $2.3 millions is for sinking fund reserve.

Telephones Increase

At Aug. 31 this year telephones of the Alberta Government Telephones totalled 34,693; connecting company stations amounted to 19,734, and rural telephone company stations, 17,022, for a total of 71,448. The Government telephones showed an increase of 1,079 from last year; rural mutual companies, 576, and connecting companies a gain of 816.

The organization was called upon to provide telephone services for the various airports and depots of the Commonwealth Air Training Plan during the year.

Development of a direct Vancouver-Toronto circuit has necessitated changes in the lines across Alberta. A growing traffic to the south made necessary the installation of carrier equipment between Calgary and Lethbridge.

Erect New Offices

New telephone offices were built at Pincher Creek, Tofield and Macleod.

Alberta was the first province to have a Government-owned telephone system. In 1906 it entered into direct competition with the Bell Telephone Co. Two years later the System bought out the Bell interest for $675,000.

The first Government line was commenced in the fall of 1906 and was placed in service between Calgary and Banff in the spring of 1907.

Services of the Government-owned organization extended rapidly. The expansion carried services out into the rural areas.

Original rural rate schedules were calculated to pay the cost of operation and maintenance only, without allowance for capital charges. In reality, despite subsequent increases, rural earnings were not even enough to provide for maintenance charges for that part of the development.

System Grows Rapidly

In 1912 control of the telephone system was shifted from the Department of Public Works to a new Department of Railways and Telephones. In 1912-14 the system nearly doubled in size. During the war it held its own.

Expansion commenced again with the close of war. Now it is five times the size it was when the Department of Railways and Telephones was created.

Alberta Government Telephones have used dial telephones as standard equipment in the larger centres of the Province since installation of the first automatic exchange in Strathcona in 1909.

The system is connected by Trans-Canada Telephone System with all parts of the Dominion, and provides service for most of the cities and towns in the province with the exception of Edmonton, which has its own telephone facilities.

Edmonton

Substantial profits for many years have been shown by the City of Edmonton telephone system. In addition, large sums of taxes have been paid to the city. This utility has had surpluses totalling over $3.1 millions to the end of 1939.

The city was the first in the Dominion to install an automatic exchange and dial telephone system. Installation was carried out in 1909, originally in Strathcona. In 1910 this area was merged with Edmonton and its exchange acquired by the city. Equipment of the system is of the most modern kind.

The system had gross earnings in 1939 of $650,292, up almost $33,000 from the previous year. After capital and depreciation charges of $147,553; maintenance, $117,502 and operation deductions of $98,049, net surplus totalled $117,219. This compared with $174,582 in the previous year. Taxes paid to the city amounted to $169,970, compared with $118,837 in 1938.

Net debenture debt of the telephone system at the end of 1939 was $921,653. This compares with the figure of $895,183 a year previous.

PLANT VALUE RISES

Cost of property and equipment of telegraph companies in Canada rose to $46.9 millions in 1939 from $46.4 millions in 1938.

Many Systems In Canada

Two-thirds of Telephone Companies Are Co-operatives

There were 3,203 telephone systems operating in Canada at the last official survey. Co-operative telephone systems were far in the vanguard with 2,259 companies in operation.

Seven major systems dominate the Canadian scene but the smaller organizations are an important factor in carrying to residents outside the larger municipalities. In so far as they are linked to the larger systems they give the subscriber access to every part of the Dominion.

Six Types of Service

The following types of systems were in operation at the last survey:

	No. of Systems
Government	19
Municipal	143
Stock	551
Co-operative	2,259
Private	135
Partnership	96
Total	3,203

Majority in West

Saskatchewan has the largest number of telephone organizations of any province, totalling 1,176. This is due entirely to the prevalence of co-operative concerns. The Yukon has only two telephone systems. Manitoba has 26, while British Columbia shows the greatest concentration of ownership, with only 14 systems.

Following are the number of telephone systems operating in the various provinces of the Dominion:

	Total
Prince Edward Island	51
Nova Scotia	257
New Brunswick	36
Quebec	280
Ontario	580
Manitoba	26
Saskatchewan	1,176
Alberta	781
British Columbia	14
Yukon	2
Total	3,203

Most Toll Calls To U. S. Points

The greatest number of long distance telephone calls from Canada to foreign countries goes to the United States. During 1938, the latest figures available, there were 400,206 calls originating in Canada to the United States and Alaska.

The United Kingdom was in next place with 297 calls. Calls to other sections of the western hemisphere, excluding South America, numbered 223; European countries outside the U. K., 113. All destinations totalled 400,874.

Bell System

(Continued from page 15)

liabilities were in excess of current assets by $70,789.

Directors—*A. C. Skinner, pres.; *H. B. Fletcher, vice-pres., Sherbrooke; J. R. Collins, *Robert Neilson, J. E. Choquette, *W. R. Stuart, Montreal; J. W. Quinn, Windsor, Que.; D. B. Hopkins, Coaticook, Que.; C. L. Jenkins, Rock Island, Que.; E. T. McGovern, Richmond, Que.

Gen mgr. and sec.-treas.—T. J. Harding.

*Executive committee.

Port Arthur & Fort William Systems

The Twin Cities of Port Arthur and Fort William bear the distinction of being the only larger Ontario municipalities operating their own telephone systems. Both are entirely self-supporting.

The Bell Telephone Co. operated in these cities at one time but withdrew. Both systems are connected with the Trans-Canada Telephone System.

Port Arthur's annual statement for 1939 shows a net profit on the telephone system of $27,602 after providing for depreciation and debt charges. This was up almost $2,000 from the previous year's figure of $25,990.

Fort William in 1939 reported a net profit of operations of the telephone system of $22,336, after all charges, including debenture interest and sinking fund payment. This is almost double the 1938 figure of $11,944.

Northern Telephone Co.

Northern Telephone Co., New Liskeard, Ont., controls a telephone system in northern Ontario. Local exchanges are located in 24 centres, including New Liskeard, Cobalt, Kirkland Lake, Kapuskasing, South Porcupine and Timmins, Ont.; Amos, Noranda and Rouyn, Que.

An increase of 1,138 telephones was shown in 1939. Total installed at the end of last year was 12,926. New exchange buildings were erected last year at Kirkland Lake and South Porcupine and other changes were made in the system. Expenditures last year in renewal of plant totalled over $25,000 and on plant and equipment totalled about $45,000. This was all provided from depreciation reserve.

Operations last year resulted in a net profit of $96,734 which represented a decrease of nearly $9,000 from the previous year. Bond interest was earned by a wide margin.

Directors—T. McCamus, pres.; F. L. Hutchinson, vice-pres.; S. C. MacDonald, W. A. Taylor, R. R. Woods.

Sec.-treas. & mgr.—P. R. Craven.

Quebec Telephone

Quebec Telephone and Power Corp. through subsidiaries provides telephone service in 14 counties of eastern Quebec. Since 1936 the company, in conjunction with Canadian Marconi Co., has operated direct telephone communications between the north and south shores of the St. Lawrence.

At the end of 1939 the company's properties consisted of approximately 5,202 miles of lines, and stations in service numbered 3,690.

The company had outstanding at Dec. 31, 1939, $376,000 of 5% first mortgage and collateral trust sinking fund bonds; 36,286 shares of class A no par value stock and 35,196 shares of class B no par value stock.

Revenue Increases

In 1939 revenue of the company totalled $188,706, an increase of 7.9% over 1938. Net profit increased to $22,256 before income tax, against $7,907 in 1938. This was equivalent to earnings of 61 cents on the class A stock, against 22 cents in 1938.

No dividends have been paid on either class A or B stock since Jan. 1, 1931. The dividends, however, are non-cumulative.

Working capital increased during 1939 to $70,765 from $56,619 at the end of the previous year.

Shares of subsidiaries held by the parent company were written up to their nominal value in 1939 to give a more exact picture of the company's assets. This credit, together with net profit for the year, reduced consolidated deficit account to $6,105 from $29,640.

Assets of the company total $1.8 million, while fixed assets, less depreciation, amounted to $929,505.

Directors—J. A. Brillant, pres. of board, Rimouski; Ernest Beaubien, pres. of co., Quebec, P.Q.; J. A. Desjardins, vice-pres., Matane, P.Q.; P. E. Gagnon, sec.; Georges Masson, Thos. Bernier, L. R. D'Anjou, Rimouski.

Treas.—J. H. Brochu.

The Wharf of Canada

A glance at the map of Canada shows Nova Scotia jutting out into the Atlantic like a huge wharf.

But Nova Scotia is more than a wharf. Every day it assumes greater importance as a vital link in the welfare of our Empire.

With increased activity the telephone system of the Province becomes even greater in value. Never before in our history has the time factor assumed such importance.

There is no time for delay and long distance telephoning is the real solution. It offers a two-way means of communication that demands action and gets it. Important decisions are made known and answers given in the space of seconds.

MARITIME TELEGRAPH & TELEPHONE CO. LTD.

MARITIME TEL. & TEL. CO. LIMITED
LOCAL & LONG DISTANCE

COMMUNICATIONS

An Active Service Industry

Not a ship sails or a plane takes off, nor troops move into action without first receiving orders through a vast co-ordinated system of Communications — by telephone, telegraph, cable, or radio. The maintenance of instant, accurate communications is a vital link in all operations.

The ablest scientific minds and technical skill in the Communications Industry are therefore mobilized and on Active Service in the National interest.

For many years we have been identified with the progressive development of the Communications Industry, having underwritten securities of the following companies:

Anglo-Canadian Telephone Company
Associated Telephone & Telegraph Company
Atlantic Utilities Limited
The Avalon Telephone Company Limited
British Columbia Telephone Company
Maritime Telegraph & Telephone Company Limited
Phillipine Long Distance Telephone Company
Phillips Electrical Works, Limited
Quebec Telephone & Power Corporation

W. C. Pitfield & Company Limited

235 St. James Street, Montreal
80 King Street West, Toronto

OTTAWA SAINT JOHN HALIFAX MONCTON

Trans-Canada Telephones

All-Canada System Marks Big Advance Since Last War

Trans-Canada Telephone System is a co-operative enterprise, providing long distance telephone service from Halifax to Vancouver.

There are seven major telephone concerns associated in the system in the nine provinces of the Dominion, comprised of: Three Government-owned systems in the prairies, Manitoba, Saskatchewan and Alberta; British Columbia Telephone Co.; Bell Telephone Co. of Canada; New Brunswick Telephone Co., and the Maritime Telephone Co.

Major development in the system during the year was the placing in operation of a direct telephone circuit between Toronto and Vancouver. This is the longest direct telephone circuit in the British Empire. It provides an alternative route between Montreal and Vancouver. Number of switching points on calls between the Maritime Provinces and Pacific Coast are reduced.

Speeds up War Effort

Operation of Trans-Canada System has meant much to telephone systems in the Dominion during the war-spurred use of the long distance telephone. Where in the last war it was necessary to switch calls over lines in the United States, the voice from Vancouver to Montreal now travels over all Canadian lines.

Trans-Canada Telephone System was established after many years of investigation. In 1928 there were circuits between each of the adjacent provinces. They could not be utilized, however, for transmission across the entire country. Facilities for a Vancouver-Halifax service where lacking.

In 1930 work was started on the Trans-Canada System. A great deal of preliminary work was needed. More than 2,000-miles of line had to be built. Additional poles had to be placed to carry the line.

In bringing Trans-Canada into operation there were many technical obstacles faced and overcome. The voice travelling between Vancouver and Halifax must traverse over 4,200 miles of wire. When a current travels over a line it gets progressively weaker the farther it goes. If a voice is projected along a wire it eventually becomes so weak that it cannot be heard on the receiving end. That is, of course, if some means are not undertaken to bring the current back to its original strength.

Thus it was necessary for Trans-Canada to install repeater stations at 22 points along the route between Halifax and Vancouver to keep the current carrying along the lines at required strength.

Many difficulties are met in operation of this Trans-Canada voice channel. Weather conditions are likely during the winter months to present dificulties. To take care of any breakdown in operation, stand-by facilities are provided, over which the telephone voice may be rerouted.

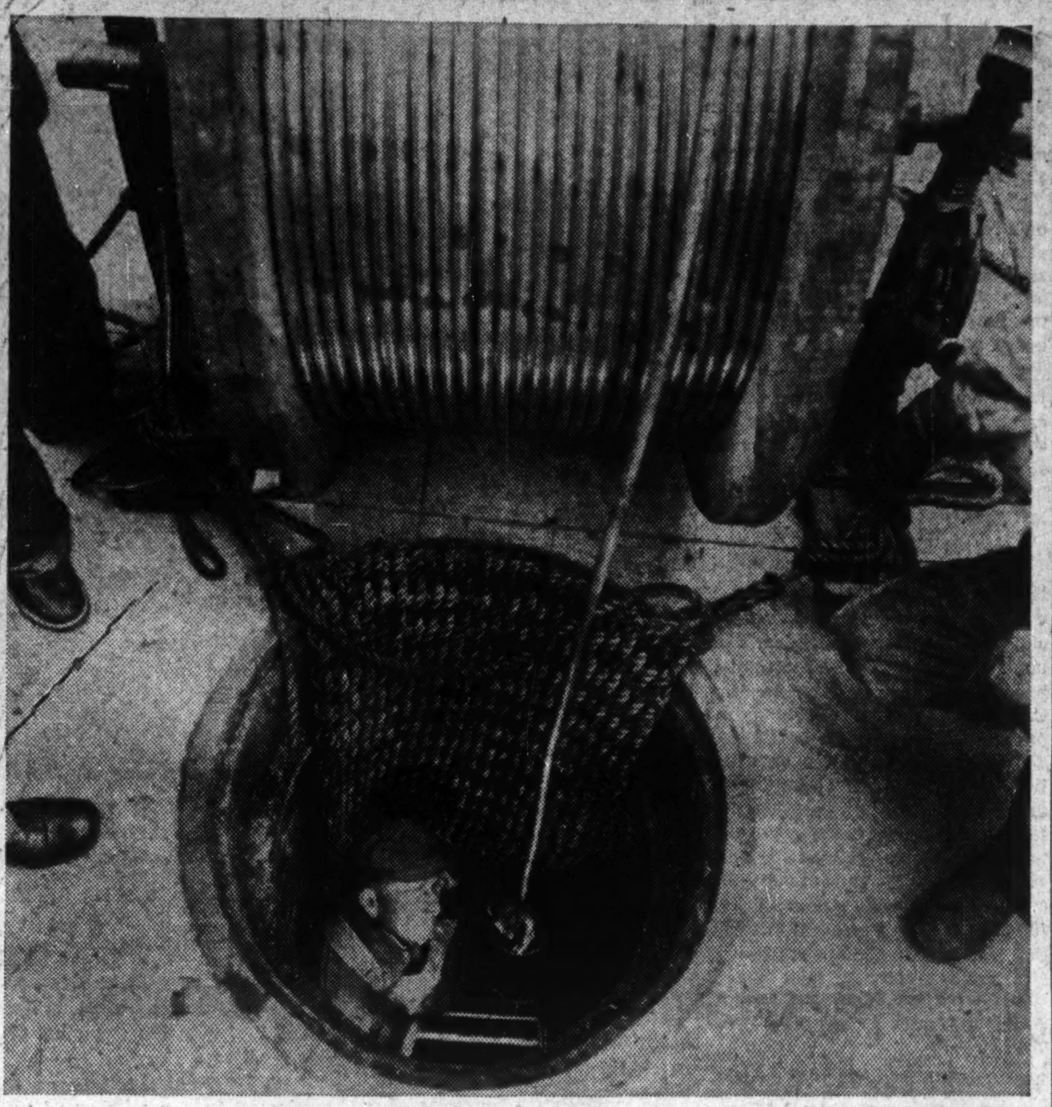
Committee Rules System

A committee of representatives from each of the seven associated organizations manages the Trans-Canada Telephone System. The committee acts as a kind of clearing house for all data pertaining to operations of the seven systems. It can apportion revenue between the systems as it deems proper, which eliminates the necessity of each system having to settle with each other system.

Gadget Measures Paint Thickness

Many instruments for use in industry have been developed by telephone company laboratories. At the 1940 meeting of the American Physical Society at Pittsburgh, Dr. W. B. Ellwood, of the Bell Telephone Laboratories described a method of measuring the thickness of paint or other non-magnetic coatings on sheets of iron to less than one-hundred-thousands of an inch.

The measurements are made magnetically. A short iron rod with two coils of wire on it is pressed, end on against each side of the coated iron sheet. The rods are magnetized equally by passing an alternating current through one of the coils on each rod. This induces currents in the other two coils. The coating, which is non-magnetic, decreased the current on its side of the sheet by an amount which depends on the thickness of the coating.



In recent years great progress has been made in putting underground the vast network of telephone and telegraph wires that once defaced the downtown streets of larger cities. The rising proportion of such arteries of communication put into underground cables and conduits has not only improved the appearance in business districts of big cities, but has added to operating efficiency of equipment. Above, laying of a new cable is seen in progress.

West Coast Companies

British Columbia has shared in the vast task which the Dominion has undertaken in prosecution of the war effort. The primary industries of the province have been working at peak levels and the general tempo of commerce and industry in general has been greatly speeded up.

Some of the largest undertakings of the Empire armament programme are located in the province. The effect of all this activity has been to place a greater reliance on telephone communications on the West Coast. Operations of British Columbia Telephone Co., largest telephone company in the province, as well as those of the smaller systems are on higher ground.

B. C. Telephone

British Columbia Telephone Co., operates the principal telephone system in that province under a perpetual franchise. It is the second largest privately-owned telephone utility in the Dominion. The territory served by the company has a population of approximately 700,000, including Vancouver and Victoria.

Services provided by the company have been expanding steadily, and in 1939 a net gain of 4,477 telephones installed was shown, against a gain of 4,239 in the preceding year. At the end of 1939 the total number of stations in service was 127,852.

Long distance calls, originating on the system during 1939, increased 2.2% over that of 1938.

Earnings Near Peak

The company has a good record of earnings and dividend payments. Disbursements on preferred and ordinary stock have been paid regularly since incorporation in 1916.

In the past four years earnings have returned to levels established in the peak years of the company's operations. In 1939 net profits totalled $719,931, compared with $788,995 in 1929. Even in depression years, earnings showed no great recession, and in 1933, low point reached by the company, net profits amounted to $595,448. This was equivalent to $5.90 on the ordinary shares. The 1939 net profit was equivalent to $8.67 a share, compared with the dividend of $8 a share.

Funded debt of the company now consists of $12.5 millions of 4½% series B first mortgage bonds. This is a net increase of $1.5 millions from the preceding year. On June 1, 1939, last of the 5% series A first mortgage bonds were retired and an additional $3.6 millions of 4½% series B issued. These latter securities are payable in Canadian funds only, both as to principal and interest.

Through this refunding operation company saved itself a substantial amount in costs for servicing the old 5% bonds, which were payable in sterling, Canadian dollars or U. S. funds at option of the holder.

Large Capital Outlay

The company has been making substantial capital outlays in recent years. Part of its programme is the conversion of manual telephones to dial service in the Vancouver business area. The first switch over to this service came in December last year, when 3,800 telephones were placed on an automatic basis.

Public interest in the company consists of the 4½% first mortgage bonds, the preference and preferred shares. All the ordinary stock is

(Continued on Page 18)

Holding Companies

Anglo-Canadian

Anglo-Canadian Telephone Co. is a holding company which, through subsidiaries, controls over 131,000 telephone stations. Along with the long distance, toll and wireless circuits it serves a population of over 3.5 millions. The subsidiaries operate in British Columbia, the Dominican Republic, and the Philippine Islands, all formerly owned by the National Telephone and Telegraph Corp. The company also has a substantial interest in the Philippine Long Distance Telephone Co. and owns Canadian (B.C.) Telephones & Supplies Ltd.

Anglo-Canadian Telephone Co. is controlled by Associated Telephone & Telegraph Co., but there is a substantial investment interest in the company's securities. At the end of 1939 there were 82,600 shares of 5½% preferred stock, of $50 par value; 487,100 shares of class A $10 par value, and 200,000 shares of deferred stock of $10 par value.

The company experienced slightly better operations in 1939 with net profit amounting to $590,771, compared with $576,914 in 1938. The class A stock earned 73 cents a share in 1939 and the deferred stock 13 cents, against 72 cents and 12 cents, respectively, in 1938.

In 1939 there were 10,000 additional shares of preferred stock issued to provide funds for acquisition of $500,000 principal amount of collateral trust notes of Telephone Securities Ltd.

Dividends on the 5½% preferred stock have been paid regularly since initial payment on Aug. 1, 1937. The dividend rate on the non-cumulative 6% class A stock is being paid at 60 cents a share, established with a quarterly payment of March 1, 1938.

Net profit in the past four years has fluctuated in a very narrow range.

Extensive Holdings

Anglo-Canadian Telephone acquired the properties of the National Telephone and Telegraph Corp. in Dec., 1934. The company's principal investment is in the British Columbia Telephone Co. It owns 44,979 ordinary shares out of the total of 45,000 outstanding of this company. It controls Dominion Directory Co., North West Telephone Co., Chilliwack Telephones Ltd., Kootenay Telephone Co., Mission Telephone Co., Canadian (B.C.) Telephone & Supplies Ltd., and Compania Dominicana de Telefonos.

The company and wholly-owned subsidiaries own all the outstanding stock of Telephone Securities Ltd. Telephone Securities and Anglo-Canadian Telephone own 22,519 shares of capital stock of Philippine Long Distance Telephone Co., or 35%.

All of the outstanding balance of the 5½% five-year collateral trust notes of Telephone Securities Ltd., amounting to $879,000 was redeemed May 15, 1940.

General balance sheet of Anglo-Canadian Telephone show investments, less reserves, at $11.2 millions, compared with $10.6 millions at the end of 1938.

A working capital of $520,728 is shown at the end of 1939, against $516,037 at the end of 1938.

Directors—A. F. Adams, chm.; F. S. Spring, pres.; J. G. Crane, H. L. Gary, Kansas City, Mo.; Gordon Farrell, vice-pres., Vancouver, B.C.; Martin Lindsay, vice-pres., Chicago; P. W. Evans, San Marino, Cal.; Major R. L. Benson, Viscount Hinchingbrooke, M. A. Colefax, E. E. Evans, Sir Alexander Roger, London, Eng.; F. H. Woods, T. S. Gary, F. H. Woods, Jr., G. L. Grawols, Chicago; Hugh Mackay, Hon. G. W. Scott, J. C. Newman, Montreal; Emmett Swanson, Fort Wayne, Ind.
Sec.-treas.—E. G. Purdy.

Telephone Securities

Direct public interest in Telephone Securities Ltd. was eliminated early in 1940 when the company retired all of its 5½% collateral trust notes with the proceeds from $400,000 of notes payable in U.S. funds, plus advances from Anglo-Canadian Telephone Co.

Common stock, of which there were 160,000 shares outstanding at Dec. 31, 1939, is all owned by Anglo-Canadian Telephone Co. and wholly-owned subsidiaries.

Directors—A. F. Adams, chm.; F. S. Spring, pres.; Martin Lindsay, vice-pres., Chicago; Major R. L. Benson, London, Eng.; Hugh Mackay, Montreal; T. S. Gary, G. L. Grawols, Chicago.
Sec.-treas.—Geoffrey Purdy.

Associated Telephone

Associated Telephone and Telegraph Co. earnings are derived principally from interest and dividends on investments in telephone operating companies in Canada, Colombia, the Dominican Republic and the Philippines, and in manufacturing concerns in U. S. A., Canada and Belgium. There is a considerable Canadian interest in the company's shares, although trading in the securities has been inactive in the past year.

Principal investment of the company in Canada is British Columbia Telephone Co., control of which is held through Anglo-Canadian Telephone Co. Canadan Telephone & Supplies Ltd. is a subsidiary sales organization of Associated Telephone and Phillips Electrical Works is the equipment subsidiary in Canada.

Capitalization

Outstanding capitalization of Associated Telephone & Telegraph Co. at the end of 1939 consisted of $11.9 millions of 5½% debentures; $3.3 millions of 7% first preferred stock of $100 par value; 47,194 shares of $6 first preferred stock; 23,886 shares of $4 preference; 101,431 shares of class A cumulative stock and 1,038,308 shares of $1 par value ordinary stock. In addition to this, outstanding funded debt of subsidiaries in the hands of the public amounted to $14.1 millions.

Gross revenues of the company's telephone operating subsidiaries in 1939 were higher, but expenses and taxes increased to such an extent that net results for the year were not materially different from those of the 1938 period.

Dividends and interest received from telephone and manufacturing subsidiaries dropped from 1938, due to lower profits of the manufacturing subsidiary, demand for working capital and unsettled foreign exchange conditions.

Net Drops in 1939

As a result of these factors, net profit in 1939 dropped to $213,690 from $256,106 in 1938.

While interest has been earned on the 5½% debentures, earnings have consistently been inadequate to cover dividend requirements on the 7% first preferred stock. At Oct. 1, arrears on this stock amounted to $50.33 a share.

Exchange restrictions and currency depreciation have had an unfavorable effect on the operations of the company and a number of its subsidiaries. Colombian companies, for example, have not been permitted to remit any interest or dividend payments to United States since the outbreak of war in Europe. Depreciation on the Canadian dollar has also reduced income of the parent company.

Directors—H. L. Gary, chm.; F. S. Spring, pres.; J. G. Crane, vice-pres.; Martin Lindsay, vice-pres.; W. F. Benoist, vice-pres.; G. L. Grawols, treas.; A. F. Adams, E. C. Blomeyer, W. J. Caverley, P. W. Conrad, A. L. Funke, T. S. Gary, J. W. Shipman, F. H. Woods, Jr., H. C. Woods, Chicago, Ill.; T. C. Woods, Lincoln, Neb.; Rene Pleven, France; Gordon Farrell, Vancouver.
Sec.—L. B. Cannon.
Executive Committee—A. F. Adams, chm.; E. C. Blomeyer, J. G. Crane, H. L. Gary, Martin Lindsay, F. S. Spring, F. H. Woods, Jr.

Air Transport Servant

Radio has made possible modern airplane transportation.

The silver giants of Trans-Canada Air Lines roar on schedule along an invisible route made by a track of sound known as the radio beam. Knowledge of flight conditions to be met en route is made possible by modern communications.

The T. C. A. pilot is in touch with the ground at all times. In the cockpit of every plane are four separate radio sets. Through one receiver the pilot receives the radio beam signals that guide him to his destination. From another set he receives weather data and other information. He can talk back to the ground on the same set. The third brings him the marker beacon, which indicates over the mountain ranges the time he can start to descend for a landing. A fourth set is a standby for emergency.

The radio provides these essential services: The beam, continuous contact with the ground for latest data and instruction; the marker, which removes the hazard of the mountain ranges of the West Coast.

Get Excellent Start

T. C. A. has availed itself of pioneering work done by other air transport companies. It commenced operations with this fruitful experience as a background, and had the great advantage of the latest equipment from the outset.

The organization uses a vast network of communications for its operation. Weather observation stations are linked by teletype service, so that the pilot knows what kind of weather he will encounter in the 20-hour flight from coast to coast. While the flight is planned before each take-off, the pilot is supplied with up-to-the-minute information which allows him to adopt an alternative route if conditions appear to warrant that course.

From coast to coast T. C. A. has an invisible double-track route. One route is 1,000 feet above the other. East and north flights are made at odd thousands of feet, such as 7,000, 9,000, and 11,000. West and southbound T. C. A. planes fly at even numbers, 8,000, 10,000 and 12,000, for example.

Radio-Beam Track

Perhaps one of the most invaluable aids of modern navigation in the air is the radio beam. All across Canada there are radio range stations sending out signals. When the plane is on this invisible highway, formed by the signals, the radio receiver sends out a reassuring steady hum, broken regularly by call signals, identifying the range on which beam the plane is flying.

When the pilot flies too far to the right he hears an "A" in Morse code. If he veers to the left he receives an "N." He has only to bring the plane back to its course. When the hum stops, the plane is passing over a cone of silence, which is directly over the range station.

Another important aid to the pilot is the ultra-high frequency impulse which tells him that he has crossed the Rockies and may begin a gradual descent for the landing.

These radio ranges are located about 100 miles apart across Canada, and in the mountain areas they are of greater frequency. They are generally adjacent to the terminal and emergency landing fields.

The Department of Transport has erected and is maintaining this system.

The automatic compass is the latest contribution of radio to air line operation. This compass indicates automatically the bearing of a radio station in relation to the flight of the aircraft. This instrument operates on radio range stations and other types of broadcast stations, operating in different frequency ranges.

World Wide Wireless Communications

MEN OF MARCONI are making daily contributions in the field of wireless communications. ¶ Men of Marconi pioneered such essential communication systems as Trans-oceanic Wireless Services, radio telephones for forestry patrols, aviation, marine, police and point-to-point communications. ¶ Forty years of experience in every phase of radio stand behind every piece of Marconi equipment and communication services and each year sees extensions and improvements in this modern science. ¶ Canadian Marconi Company, Marconi Bldg., Montreal. Branches at Vancouver, Winnipeg, Toronto, Halifax, St. John's, Nfld.

Where Radio must not fail MARCONI Reigns Supreme

Equipment Companies

Northern Electric

While there is no direct investment interest in Northern Electric Co., largest manufacturer of telephone and sound equipment in Canada, there is an indirect investment interest because of the fact that the Bell Telephone Co. of Canada owns 51% of the common stock outstanding. The second largest shareholder is Western Electric Co., subsidiary of American Telephone and Telegraph Co., owning 44% of the common stock.

Bell Telephone Co. has direct control of its supply of both apparatus and cable through Northern Electric Co. The latter also acts as purchasing agent for Bell Telephone in buying equipment. It maintains a distributing system, which permits prompt delivery of supplies and equipment.

Northern Electric Co. manufactures a wide range of telephone equipment and products, as well as other electrical materials. It makes radio receiving and transmitting sets, sound recording, talking motion pictures, machines, telegraphs, train despatching, fire alarms, traffic and police signals, and power equipment, and a wide range of wire and cables. It acts as a selling agent for a wide range of allied products not made at its own plant.

At present the company is manufacturing equipment for the armed services and operations are reported at a high level.

Wide Range of Products

The company began as a small branch of the Bell Telephone Co. When the latter was formed in 1881, its principal problem was to obtain satisfactory equipment. There were no companies in Canada manufacturing telephone equipment and Bell Telephone set up its own factory and repair shop to overcome this deficiency.

For many years only telephone equipment was manufactured but production costs were high. Demand was insufficient to keep operations of the plant on a full time basis, and it was therefore decided to embark upon the manufacture of other products. Northern Electric and Manufacturing Co. was formed in 1895 to this end.

Western Electric Interest

In 1906 Bell Telephone Co. sold a minority interest in its manufacturing subsidiary to Western Electric Co. The latter company was one of the outstanding organizations in the telephone equipment business. Acquisition of this organization as a partner gave Northern Electric Co. advantage of the American company's processes and methods.

Investment of Bell Telephone Co. in Northern Electric has increased steadily since 1914. Much of the funds have come from surplus earnings of the organization, which have been placed back in the business instead of being distributed to shareholders.

Phillips Electrical

Phillips Electrical Works Ltd. is controlled by Associated Telephone & Telegraph Co. through ownership of 81.7% of the common stock. There are $1.3 million 5% first mortgage bonds in the hands of the public.

The company manufactures a wide range of copper rods and shapes, electrical wire and cable, used principally in the electric power and telephone business and telephone equipment. Its products are marketed in Canada, the United Kingdom, Mexico, Brazil and other countries. Through affiliation with Automatic Electric Co., of Chicago, the company has access to that company's technical data.

The company was incorporated in 1917 to acquire the assets and undertakings of Eugene F. Phillips Electrical Works, one of the oldest and largest Canadian manufacturers engaged in the fabrication of copper rods, etc. The predecessor company, incorporated with a Dominion charter in 1889, was the first Canadian manufacturer of wire and cable products.

Operates Two Plants

Phillips operates a copper rolling mill at Brockville, Ont. Its telephone equipment plant is also located there. The power and telephone cable plant is at Montreal.

Marketing and distribution of Phillips' products is carried out by an associated company, Canadian Telephone & Supplies Ltd., a subsidiary of Anglo-Canadian Telephone Co. Its products are marketed in Canada through the numerous independent companies in the Dominion. The various companies controlled by Associated Telephone & Telegraph Co. through Anglo-Canadian Telephone Co. are also an important outlet for the company's products. Most important of these is British Columbia Telephone Co.

Directors — T. W. Brackinreid, pres., Brockville, Ont.; F. N. Phillips, vice-pres., Providence, R.I.; W. F. Benoist, vice-pres.; A. F. Adams, J. W. Shipman, P. W. Conrad, Chicago; J. J. Creelman, J. B. McCarthy, A. S. Torrey, Montreal; Lawford Grant, Brockville; F. S. Spring. Sec.-treas.—J. C. Mace.

Can. Marconi

Many of the restrictions on the radio-telephone services of Canadian Marconi Co., imposed on the outbreak of war, have been removed. The company's manufacturing activities have been greatly increased and output for the year will be up substantially from 1939.

The company paid an initial dividend of four cents (4%) a share on June 1 this year. In the 1939 financial statements a dividend reserve of $200,000 was set up for this purpose.

The company supplies equipment on a rental basis to commercial operators and operates radio telephone and telegraph communication systems throughout the Dominion. It manufactures radio equipment for every type of service.

Equipping Canada's armed forces with communications equipment has created a greater demand for the company's products, and orders received by the company this year have been substantially greater than last year.

1939 Earnings Decline

Canadian Marconi Co. is controlled by Canmar Investment Co., which in turn is controlled by Cable and Wireless Corp. of London, England. There are 4,554,682 shares of $1 par value common stock outstanding. Canmar Investment Co. holds 2.3 million shares of Canadian Marconi.

In 1939, earning of the organization declined slightly, with net profit dropping to $233,030 from $285,915 in 1938. These profits were equivalent to earnings on the common stock of 5 cents and 6 cents, respectively. The company's balance sheet at Dec. 31, 1939, showed fixed assets of $1.4 million after depreciation reserve of $1.3 million. Patents and patent rights were valued at $1.9 million. Working capital was shown at $1.9 million.

Directors—A. H. Ginman, pres.; Dr. M. L. Hersey and J. A. Boyd, vice-pres., Montreal; A. E. Dyment, Toronto; G. W. MacDougall, H. J. Symington, D. C. Coleman, Montreal.
Sec. — James Fergus. Gen. mgr. — R. M. Brophy.

Canada Wire

Business of Canada Wire & Cable Co. in the first six months of the current year showed a substantial increase over the same period last year. A large percentage of this increase was accountable to Government business on which the margin of profit is small.

It was officially estimated that net profit for the first six months of the year, after all charges including depreciation, income taxes and "excess" profits tax, totalled $380,000, compared with $154,838 in the similar period of 1939. After deduction of preferred dividends, this was equal to $9.66 on the class A shares, against $2.07 on these shares in the first six months of 1939.

The company on behalf of the Dominion Government has undertaken construction of a new plant in the Montreal area to produce brass. Cost of the plant will run to several million dollars. Plant and equipment will be owned by the Government, but operated by Canada Wire and Cable. The entire output will go to the Government on a cost basis.

The company manufactures a wide variety of copper wire and cables. from the finest enamel wire to the heavy underground and aerial cable. In addition, it makes steel wire, rope, and cables.

Noranda Mines and General Cable Corp. of New York both hold a substantial interest in the company. The latter organization makes available to Canada Wire and Cable, research facilities, and the patents, leases and rights of the organization.

The company has improved its position in recent years quite materially. In 1939, net profit increased to $690,806 from $462,655. Results for 1939 were the best of any year since 1929.

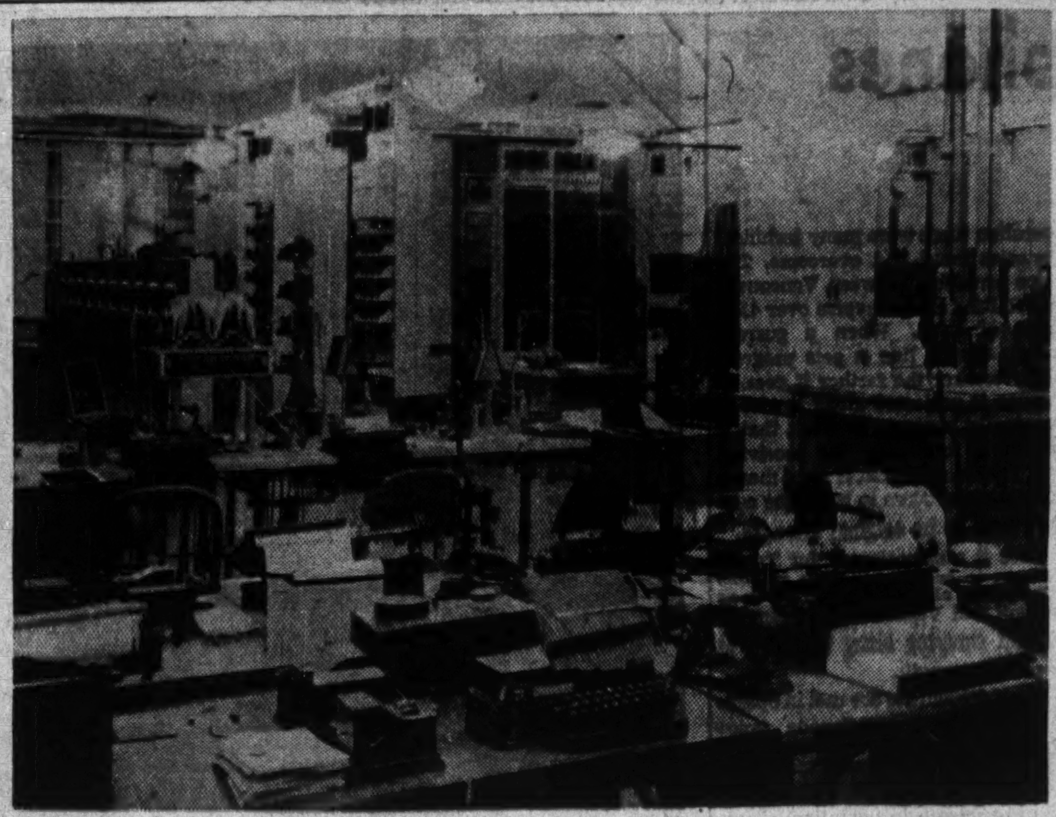
Dividend Record

Regular preference dividends have been paid at the rate of $4 a share annually on the class A stock since March 15, 1939. An interim dividend of 25 cents a share was paid on the class B stock March 15, 1939, the first since 1931. A similar payment was made Dec. 15 of that year, on March 15 and Sept. 15 of the current year and 50 cents a share is being paid in December. Preferred arrears of $10 a share were paid off the 6½% stock on March 15, 1938, and payments have been maintained at the required rate since.

The company has maintained a strong liquid position for many years. Working capital has increased progressively in every year since 1932, and amounted to $3.5 millions at the end of 1939.

Fixed assets of the company were listed in the balance sheet at Dec. 31, 1939, at $2 millions, after depreciation of $1.6 million.

Directors—Herbert Horsfall, pres. & man. dir.; W. H. Marsh, vice-pres.; J. Y. Murdoch, J. R. Bradfield, Toronto; J. S. Aird, L. H. Timmins, P. A. Thomson, Montreal; D. R. G. Palmer, C. R. Myer, P. D. Rensenhouse, New York. Treas. & compt.—J. E. McCallum. Sec.—A. I. Simmons. Asst. sec. & asst. treas.—P. G. Turner.



A nation-wide network of telegraph and teletype circuits is operated by the two major telegraph companies for the transmission of weather data to key points along the routes of Trans-Canada Air Lines. Above is a typical office through which weather reports are handled—the Canadian National Telegraphs operating room in the new railway station at Saskatoon.

West Coast Companies

(Continued from page 17)

owned by Anglo-Canadian Telephone Co., with the exception of a few qualifying directors' shares.

British Columbia Telephone Co., originated from a number of companies organized before present century. The present organization was incorporated in 1916 under the name of Western Canada Telephone Co. In 1919 the name was changed to the present title, and in 1923 the company acquired the assets and undertakings of a similarly named predecessor.

Directors—Gordon Farrell, pres., Vancouver; F. S. Spring, vice-pres., Hugh Mackay, Rothesay, N.B.; P. W. Evans, L. G. McPhillips, Vancouver; Hon. G. H. Barnard, Victoria, B.C.; J. G. Crane, Kansas City, Mo.; Martin Lindsay, G. L. Grawois, Chicago.
Vice-pres. & gen. mgr.—James Hamilton. Sec.—R. J. Munro. Treas.—H. M. Boyce. Comptroller—J. E. Carlile.

Okanagan Telephone

Okanagan Telephone Co., and two wholly-owned subsidiaries, Summerland Telephone Co., and Solar Telephone Ltd., supply telephone service to communities in the Okanagan Valley of British Columbia and adjacent territory. Population of the area served is greater than 40,000. The system is the second largest in British Columbia, and is controlled by West Canadian Hydro-Electric Corp.

Public interest in Okanagan Telephone is confined to the funded debt of which there was outstanding $435,000 of 4¼% first mortgage serial bonds, series A, and $225,000 of 4½% sinking fund debentures. Common stock is owned entirely by West Canadian Hydro Electric.

This capital structure resulted from a refunding operation in which 5½% first mortgage sinking fund bonds were called for redemption on Jan. 1, 1940, and 6% sinking fund debentures were redeemed Sept. 1, 1939. This transaction resulted in substantial savings of interest charges on funded debt.

Earnings Improve

In the 1939 fiscal year, earnings of the company showed an improvement, net profit increasing to $125,635 from $98,161 in the preceding fiscal year. Interest was earned on the bonds and debentures 2.25 times after depreciation, against 1.61 times in the year ended June 30, 1938.

The balance sheet of the company at June 30, 1939, showed working capital of $54,916, against $25,535 in the previous year. Investment in fixed assets at the end of the year totalled $1.3 million.

Directors—Lt.-Col. E. B. Westby, pres.; B. H. Gunning, vice-pres.; D. Grierson, man. dir.; J. E. Elliott, Ross Peers, all of Vancouver, B.C.
Sec.—W. T. Haynes.

Hemispheric Hookup

Vast Network of Wires Connects Canada to 41 Million Telephones

Through a network of communications linking every country in the western hemisphere and the world the user of a telephone in Canada can reach over 41 million telephones in more than 75 countries, or 93% of all telephones in the world, when free of wartime restrictions.

Canada is linked to the U. S. and other countries of the western hemisphere by cable and radio.

The coming year will mark the anniversary of two important events in the history of communication by telephone in this side of the world.

On June 11, 1881, a submarine cable for telephone communications was laid between Windsor and Detroit.

Another important event in hemispheric communications was the opening of service between Key West, Florida and Havana, Cuba, over three deep-sea cables. This marked the commencement of telephone communication between the people of the United States and Latin America.

World Voice Arteries

Since these events rapid advancement has been made in communications on this continent. Telephone facilities have been extended far and wide by land lines, submarine cables or by radio.

Telephone circuits between Canada and the U. S. are carried in open wire, aerial cable and submarine cable. Newfoundland is reached by radio channel connecting with the Canadian wire system. Four submarine wire cables, providing six circuits, connect the United States and Mexico. Wire lines are the principal telephone arteries between the United States and Cuba.

Many Use Radio Telephone

Of the South American nations Argentina, Bolivia, Brazil, Chile, Paraguay, Peru and Uruguay are reached by radio telephone channels. Other points in South and Central America and the West Indies having connections with North America are also reached by radio telephone.

Alaska is reached by radio telephone channels operated by the Signal Corps of the U. S. Army through Seattle, Washington.

This hemisphere-wide system of radio-telephone communications is of relatively recent development.

Following are the more recent acquisitions of the intercontinental system, and the number of telephones connected:

Country:	Service Started	Number of Connections
Mexico	Sept. 29, 1937	138,000
Argentine	Apr. 3 1930	405,000
Chile	Apr. 3, 1930	46,000
Brazil	Dec. 18, 1931	186,000
Bermuda	Dec. 21, 1931	2,250
Peru	Oct. 14, 1932	21,000
Bahamas	Dec. 16, 1932	1,150
Venezuela	Dec. 19, 1932	23,800
Colombia	Dec. 22, 1932	31,000
Panama	Feb. 24, 1933	12,800
Costa Rica	Mar. 20, 1933	*
Nicaragua	June 7, 1933	*
Guatemala	Apr. 17, 1933	*
Honduras	Apr. 23, 1935	*
Paraguay	Oct. 11, 1935	2,800
Dominican Rep.	Oct. 31, 1935	2,000
Puerto Rico	Feb. 20, 1936	13,700
Jamaica	Apr. 3, 1936	3,300
El Salvador	June 10, 1936	4,000
Alaska	July 8, 1937	2,200
Haiti	Sept. 29, 1937	*
Newfoundland	Jan. 11, 1939	8,200
Bolivia	Apr. 5, 1940	*

*One public station.

Telegraphs Give Unique Service

Messengers Will Act at Wedding Ceremony or Fill in at Office

The quandary in which the bridegroom-to-be finds himself in selecting ushers for the wedding may now be obviated by calling the local telegraph office. Here he can obtain, without fear of complications, any number of young men for the job.

Telegraph companies have inaugurated a new service which offers messengers for running errands, delivering parcels, distributing pamphlets, samples or acting as guides and temporary office employees. The service even extends to supplying ushers for a wedding ceremony, a function that it has already performed in Canada.

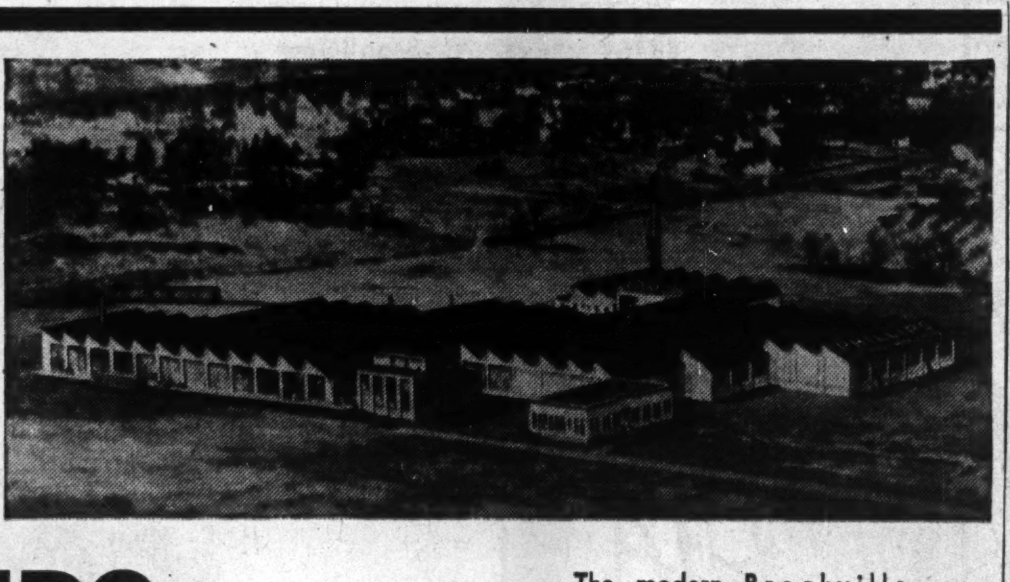
24-hour Service

This service is available 24 hours a day. In the larger centres motorized service has been introduced. If the client wishes to purchase a book and feels disinclined to venture out of doors, he can call the telegraph office. A messenger is sent to the client, presents him with a service ticket and is off on his journey.

The task is performed for a small fee. Cities are divided into half-mile squares or zones, with the main telegraph offices as the initial square. Rates are computed on this basis.

Messengers are specially selected. Because their job goes far beyond routine messenger service they are chosen for their efficiency and alertness.

A Message From PHILLIPS



The modern Brockville, Ontario, plant of the Phillips Electrical Works Limited, is the scene of the Company's ever-expanding telephone manufacturing activities. Here are produced the latest and most efficient types of telephone instruments and switching apparatus. This plant is also engaged in the manufacture of wires and cables, as is also the Company's large plant in Montreal, Quebec.

It has always been our aim and object to give both our customer Telephone Companies and the very large number of industrial concerns which use our wires and cables, a fast and efficient service. This is still our aim and object, but we, in common with Canadian industry as a whole, are endeavouring to co-operate to the utmost with the Canadian Government in furthering the Nation's war effort.

To some extent this has interfered with the fast service we have endeavoured to give our regular commercial customers. Realizing as we do, however, that these customers also are co-operating to the utmost extent with Canada's war effort, we are straining every nerve to meet their demands on our factory schedules, as well as those of the Government, and we are constantly increasing our production facilities to meet these demands upon our factories.

We would urge that so far as possible, our customers anticipate their needs further in advance than would normally be necessary. This would afford an element of lee-way which would be helpful to all concerned in coping with the developing requirements of Empire Defence.

PHILLIPS WIRES, CABLES and TELEPHONE APPARATUS

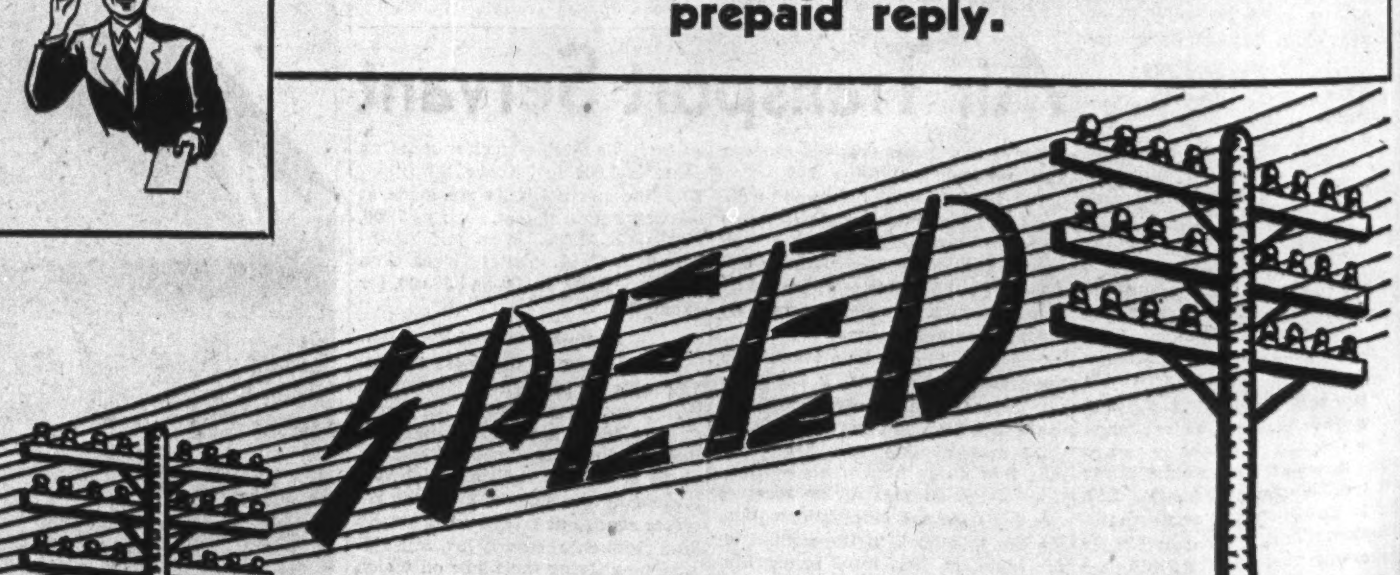
Distributors in Canada:
CANADIAN TELEPHONES & SUPPLIES LIMITED
HEAD OFFICE: 284 KING STREET WEST, TORONTO, ONTARIO
BRANCHES: MONTREAL BROCKVILLE WINNIPEG REGINA VANCOUVER
SALES OFFICES: OTTAWA HAMILTON EDMONTON

Flash your messages cheaply—40 words for the price of 10!

Evening and Sunday telegraph rates are one-quarter of regular day rates — enable you to increase your volume of fast, attention-getting, impressive wire messages while obtaining lower rates than before.

Messages accepted any time — delivered immediately after 7 p.m. or any time Sunday.

50% reduction for immediate, prepaid reply.



THIS CHRISTMAS, GREET YOUR BUSINESS ASSOCIATES BY TELEGRAPH. MANY APPROPRIATE TEXTS. SPECIAL LOW RATES FOR CHRISTMAS—NEW YEAR GREETINGS!

20c to any address within free delivery limits in your own city or town.
25c between points in Eastern Canada.
40c from Eastern Canada to Western Canada or the United States.
25c between points in Western Canada.
40c from Western Canada to Eastern Canada or the United States.

CANADIAN PACIFIC Telegraphs CANADIAN NATIONAL
FOR SPEED AND ECONOMY

Many different phases of the communications industry—regular telegraph and telephone lines, a special teletype network for weather reports, ground-to-aircraft radio telephone, radio beam apparatus—are integrated to maintain safe operation of Trans-Canada Air Lines services. Radiophone, radio beam and related dials occupy important places on the control boards of T. C. A. aircraft.

Telegraph Makes Flying Safe

Co-operate in Supplying

Vital Weather Information

Day and night the pilots of Trans-Canada Air Lines ply the highways of the sky, secure in the knowledge that complete information on weather conditions—that factor so vital to all successful flying operation—is constantly at hand.

The first air-mail service in Canada provided by the Dominion Government was inaugurated in the prairie section of western Canada in 1930.

In March of 1932 the Government discontinued the air-mail service owing to the depression.

In 1936 the Dominion again undertook air-mail services and asked the two telegraph companies to consider, co-operatively, provision of a teletype service across Canada to provide instantaneous and continuous communication between the various airports, emergency landing fields and beacon stations for the dissemination of elaborate weather reports, to aid in administrative and traffic direction.

The telegraph companies were faced with the task of providing, in the short space of one month, a service which involved a large number of both page and tape type sending and receiving teletype machines, all equipped with special "weather signal" keyboards and radio interference filters.

Special Design

The length of the circuits and the large number of intermediate points to be served, many of them miles from then existing telegraph repeater offices, rendered it necessary to design a special type of repeater capable of meeting these exacting requirements. The prevention of radio interference and the elimination of flying hazards required the placing underground of all lines within one thousand feet of all stations. The circuits were turned over to the Government ready for operation Sept. 14.

This new service embraced a transcontinental network extending from Montreal to Vancouver and since its inauguration has been greatly extended until at the present time safe, fast and efficient air service covers the Dominion from coast to coast, carrying a never-ceasing flow of up-to-the-minute weather information.

The installation at Carmi, B.C., one of the more isolated points, illustrates some of the difficulties along the Crow's Nest route and through the Coquihalla Pass of the Rockies. This radio range station is on the top of King Solomon Mountain at 4,050 feet.

Lonely Vigil

No electrical power being available in the village of Carmi, power is obtained from the power plant installed by the air lines for the operation of the range station. Heavy snow conditions prevail in the district and the five-mile circuitous route between the village and the radio range station is often blocked for long periods during the winter months. The attendant at the Carmi station maintains his lonely vigil during the winter months, resorting to snowshoes and skis for his periodic inspections of the teletype equipment.

On the long Farron hill, west of Nelson and through the Coquihalla Pass between Brookmere and Hope, washouts in the spring, falling trees in the summer and fall, and snow slides in the winter constitute a constant hazard to communication facilities.

Careful design of lines and planning of alternate routes have reduced these hazards to a minimum and years of experience have taught the telegraph companies how to deal promptly with such emergencies when they arise. Even in the case of serious line failures it is extremely rare that communication between landing fields cannot be maintained practically without interruption.

Aurora Borealis—that bane of the old-time telegrapher — no longer spells disaster to the continuity of the service, since much of the network is carried on modern high frequency carrier circuits and these vital weather reports continue on their way under skies brilliant with shooting Northern Lights.

Trained Staffs

Specially trained staffs are located at strategic points throughout the system so that the performance of all equipment will be as nearly perfect as possible. As a further safeguard, standby equipment is maintained ready to be placed in service on a moment's notice. This equipment is of special interest.

Unlike an ordinary message communication circuit, the meteorological teletype circuit traffic is for the most part "coded," that is, special abbreviations are used to indicate names of towns and cities, and symbols are used to indicate the sky conditions and wind directions. In other cases groups of figures represent certain weather conditions. The special "weather signal" keyboard on the teletypes is arranged to transmit these symbols directly to the lines.

Typical code symbols signify "clear," "scattered clouds," "high overcast."

The Canadian meteorological teletype network connects with the networks of the United States at Vancouver, Winnipeg, Toronto and Montreal, the information originating in each country being pooled with the general use of aviation in North America.

Hourly Observations

At some 500 stations throughout these two countries actual weather observations are recorded hourly and transmitted by teletypewriter over the vast network of telegraph wires which links the airports and emergency landing fields from the Atlantic to the Pacific. These observations of visibility, ceiling height, barometric pressure, temperature, dew point, wind direction and velocity, altimeter settings, and cloud types and amounts, are placed on the network at 30 minutes past the hour in order that they be broadcast over the radio range to planes in the air at precisely 40 minutes past the hour.

At intervals of six hours a synopsis of weather conditions is transmitted over the network for entry on the "forecasters maps" so that each station can fill out a complete weather map four times daily. In addition, six hourly pilot balloon observations are taken at selected stations, indicating the strength and direction of the wind at various levels. This information is transmitted for the use of pilot personnel in arranging flight plans.

Many other types of weather traffic, as well as traffic of an administrative nature pertaining to the air lines are transmitted daily and carefully planned scheduling of transmissions is required in order that there will be no delays and that each station will receive the information which it requires. Notwithstanding the heavy traffic, special arrangements exist for the instant clearing of any circuit for the transmission of messages pertaining to the safe flight of aircraft should an emergency arise.

Arrangements are now in progress for the extension of this meteorological teletype network to points not presently served by the network.

Night and day the collection of this vital weather information continues and the precision with which it is disseminated in an uninterrupted flow to all stations throughout the Dominion is a source of pride to the telegraph companies.

Radio-Telephones Serve Big Area

Radio-telephone has brought outlying districts of the Dominion to within easy reach of the metropolitan areas. A resident of Sioux Lookout can phone to Vancouver or Montreal quickly and without inconvenience.

Canadian Marconi Co. operates two radio-telephone systems in Canada. One is in northern Ontario, with control station at Kenora, and connecting stations at Pickle Lake, Red Lake and Sioux Lookout.

The other is known as the South Shore System, with central station at Rimouski, Que., connecting with Baie Comeau and Outarde Falls.

Telephone Development Dramatic

Canada is in Vanguard

Of Nations in Its Use

The modern, streamlined telephone is a far cry from the crude instrument used on the first commercial line in Canada, constructed by Hugh C. Baker at Hamilton, Ont. Mr. Baker had been inspired by the "talking marvel" on exhibition at the Philadelphia Centennial Exhibition and returned to Canada with a vision of a vast Canadian system.

After the success of the first commercial line he set about to establish a telephone exchange. In March, 1878, he opened the first telephone switchboard in the British Empire, following hard on the heels of the first switching centre in the world. This was opened two months previously in New Haven, Conn.

Pioneer Development

Invented in Canada by Alexander Graham Bell and pioneered in the Dominion, it is little wonder that telephone facilities in this country are among the best in the world.

But it was a long struggle before the telephone operations were of any size. The growth of the industry in Canada was of mushroom character, but the numerous small companies faced many difficulties. There were no large manufacturers of telephone equipment; there was no standardization.

Every small shop which felt inclined, embarked on the manufacture of equipment, and many bizarre contraptions resulted. Without any great amount of information to guide them, or reliable precedents, these ambitious shops sometimes went far astray.

The original instrument was both transmitter and receiver. It had gone through a long period of evolution before it reached its present streamlined stage. There have been more than 100 modifications of the instrument which Hugh C. Baker used.

Edison in Field

The great American inventor, Thomas Edison, entered the telephone field early. The year before Hugh C. Baker erected the first commercial line, he opened correspondence with the city electrician of Montreal. He had invented a new type of transmitter and sent two sets to the Canadian city. These were placed in operation between Montreal and Quebec and proved successful.

The Montreal-Quebec conversation occurred nine months after the world's first two-way long distance talk on Dec. 3, 1876, between North Conway, New Hampshire, and Boston.

Dominion Telegraph Co. secured the sole right to Edison's instrument in Canada for a nominal sum, with the option of purchasing the patents outright for $10,000.

Fight Over Patents

These instruments were used in installing several private lines in Montreal and Toronto. While there was a conflict between Bell and Edison on patent infringement, Montreal used the Edison instrument, while Toronto used Bell's.

In 1878 Western Union Telegraph Co. through its ally, the Gold and Stock Telegraph Co., secured control of the Edison patents in Canada, and Montreal Telegraph Co. was appointed agent for Ontario and Quebec. Agents were also appointed by Western Union for the Maritime Provinces.

Dominion Telegraph Co., in competition with Montreal Telegraph Co., secured exclusive rights of the Bell Telephone. A contract was negotiated between the patentee and Dominion Telegraph Co. and the telegraph companies commenced a race to secure subscribers to their exchanges in the cities and towns from Windsor to Halifax. It was thought that whoever took over the telephone could command the bulk of the telegraph business.

Strong Sales Resistance

Not all the municipalities canvassed were quick to realize the possibilities of the telephone. At Ottawa and Saint John, N.B., for instance, the populace was sceptical and no response met the efforts to establish an exchange.

At St. John, however, inspiration came to the manager of one of the competing companies. He opened a free exchange to demonstrate the "talking marvel." Soon the two opposing companies were working at peak to keep pace with the demand for the telephone.

The competition between telegraph companies, however, resulted in reduction of telephone rates to uneconomic levels. Revenue did not meet expenses.

First Independent Concern

Hugh C. Baker conceived the idea of creating a separate telephone company, independent of the telegraph companies, and applied to the Dominion Government for a charter. The charter was granted April 21. 1880.

Before the charter was granted there entered the picture a personality destined to carry the telephone to its present status in Canada Charles Fleetford Sise, general manager in the United States for the Royal Canadian Insurance Co., was urged by a group of financier friends to go to Montreal and persuade the insurance company to form a telephone concern. If his effort was successful the plan was to amalgamate existing facilities and place them on a national basis.

Andrew Robertson, who was financially interested in the new enterprise, became first president of the company that resulted—the Bell Telephone Co. of Canada. Mr. Sise was appointed vice-president.

In acquiring the telephones of the Dominion Telegraph Co., the Bell Telephone Co. acquired Lewis B. MacFarlane. This was the man who had persuaded his chief to permit Alexander Graham Bell to use the telegraph line of the company between Brantford and Paris.

Birth of Bell Company

The formation of the Bell Telephone Co. of Canada in 1880, under the leadership of C. F. Sise, Lewis B. MacFarlane, Hugh C. Baker and others, marked the opening of a new era for telephone communications.

The first year was used in taking over telephone licenses, plants and goodwill of the companies operating in Canada.

These companies were: Dominion Telegraph Co., London Telephone Co., Hamilton District Telephone Co., Windsor Telephone Exchange, Montreal Telegraph Co., Canadian District Telegraph Co. and the Quebec Telephone Exchange and the Toronto Telephone Dispatch Co.

Hugh C. Baker became manager of the Ontario Department, L. B. MacFarlane became superintendent of the telephone department of the eastern department of the company.

The company acquired for its use all the patented inventions in Canada owned by such companies as the American Bell Telephone Co., Gold and Stock Telegraph Co., Western Union Telegraph Co. and the American Speaking Telegraph Co., including the inventions of Bell, Blake, Edison, Gray, Watson, Anders, Jacques and others.

Infant Gains Strength

The plants acquired were improved and earnings power increased. By 1881 there were exchanges operating in 40 cities and towns of the Dominion.

By 1889 there were 16,550 telephones installed and the long distance system was comprised of 6,550 miles of wire on 3,670 miles of poles. The company was thus firmly established within a decade of the commencement of its operations.

In 1880 the company's first president, Andrew Robertson, died and he was succeeded by C. F. Sise, who had been vice-president and managing director.

Technical advances were making possible greater efficiency in telephone operations. In 1900 the common battery came into use. Ottawa received the first switchboard of this type.

Dominion-Wide Growth

At the same time there were other organizations developing across the entire country. In 1908 the Bell Telephone withdrew from Manitoba and Saskatchewan, selling their plants to the provincial governments. Saskatchewan properties were disposed of to the provincial government the following year.

By its sale of the western properties the company withdrew from the Western area and, leaving the Maritimes section to itself, concentrated its operation in the central region of the Dominion.

Development of the system from 1910 to 1920 was extensive. Transcontinental service in the United States from New York to San Francisco was opened in 1915. It was then possible to place calls from Montreal to Vancouver, via U. S. circuits.

Technical Progress Rapid

Marked technological advancement occurred again in the period from 1920 to 1930. This period was noteworthy for the introduction of toll cable, dial service, repeaters, nation-wide radio hook-ups, carrier circuits, etc.

In 1930 the Bell Telephone Co. split its territory into Eastern and Western areas. It acquired a controlling interest in the New Brunswick Telephone Co. in 1931.

The past decade witnessed the first setback the telephone companies suffered since the first commercial line was set up. Telephone subscribers took out their instruments at a greater rate than installations occurred.

There has been a gradual comeback from the depression days and the companies are facing a busy future.

Seven Principal Companies

The setup of telephone organizations today is substantially as it was when the Bell Telephone Co. withdrew to the central region.

In the Maritimes there are two principal companies — the New Brunswick Telephone Co. and the Maritime Telegraph and Telephone Company.

It was in the Maritimes that the first reorientation of the telephone systems took place. The Nova Scotia Telephone Co. was formed in 1888 to take over the properties of the Bell Telephone Co. in New Brunswick and Nova Scotia. In 1910 Nova Scotia Telephone Co. and other properties were acquired by Maritime Telegraph and Telephone Co., which serves practically the whole of Nova Scotia and through a subsidiary, Prince Edward Island.

The New Brunswick Telephone Co. was established in 1888 to acquire from the old Nova Scotia Telephone Co. the New Brunswick properties which the company had taken over from Bell.

In British Columbia, British Columbia Telephone Co. is the largest telephone unit in operation.

The three Prairie Provinces have government-owned systems.

These seven major systems control about 90% of the telephone installations in the Dominion, but that does not tell the whole story. There are about 3,200 systems in Canada. The great majority of these are co-operative concerns operating in the West.

There are in addition important systems completing the network, part of which are: Eastern Townships Telephone Co., Farmers Telephone Co., Okanagan Telephone Co., Atlantic Utilities and its subsidiary, Island Telephone Co., Quebec Telephone and Power Co., Northern Telephone Co. and the municipal systems at Fort William, Port Arthur and Edmonton. In Newfoundland, Avalon Telephone Co. occupies a dominant position.

Montreal Power Uses Radio Cars To Maintain Efficient Service

Short-wave radio is an efficient and faithful servant of Montreal Light, Heat & Power Consold. Through station CY5Y the company keeps its fleet of 38 radio-equipped cars hopping on errands of life saving, repairing damage and speeding up services of the gas and electric service to customers in the Montreal area.

From the 100-ft. tower on the Power Building the call letters "VE9RL—Montreal Power" went out on Apr. 3, 1938, to mark another milestone in the company's progress. The station was officially opened on that date with a programme dramatized for public consumption. Since that date the station has been operating 24 hours a day. The terse messages are heard only by the company's fleet and short-wave enthusiasts, who happen to be tuned in on the station.

Aid to Efficiency

On Apr. 1, 1939, the experimental phase of the station's operations having been completed the station was officially designated as CY5Y.

Analysis of operation for 1939 shows that calls increased to 25.1 daily from 23.3; 92.6% of these calls were answered by a specified car. Average time taken for response was 5.5 minutes.

Many of these calls were received by cars working miles from the nearest telephone. Often instructions contained in the calls were carried out before receipt of the message was acknowledged.

The fitting department handled 35.59% of total calls; the electrical distribution (emergency) division, 31.56%; the electrical distribution, (cables, lines and testing) division 16.15%; the gas distribution division, 11.29% and the stations and engineering division, 1.41%.

These communications facilities have speeded up the service of the largest privately owned electrical and gas utilities organization in the Dominion.

CANADA RANKS HIGH

Only four countries have a greater number of telephones in use than Canada. At the last survey Canada had 1.4 million telephones in service. This is exceeded only by United States with 19.5 millions; Germany with 3.6 millions; Great Britain and Northern Ireland, 3 millions, and France with 1.6 million.

Acknowledgment

Illustrations used in this communications supplement have been supplied through the courtesy of Bell Telephone Co. of Canada, Trans-Canada Air Lines, Canadian Pacific Telegraphs and Canadian National Telegraphs.

Speeding the Nation's Effort

SPEAKING on aerodrome construction before the Engineering Institute of Canada, Mr. J. A. Wilson, Controller of Civil Aviation, said recently:

"In the communication field, the help of the Bell Telephone Company has been invaluable. They have not awaited our instructions but **have anticipated them** in a wonderful way by preparing connections as soon as the sites were selected so that by the time the orders were placed, we found the connecting lines available."

In a recent radio address, President W. S. Gifford of the American Telephone and Telegraph Company said:

"Our telephone construction and maintenance crews are fully mechanized and can be concentrated anywhere quickly.

"Above all, trained and experienced men and women and the management work together in full cooperation; and we are accustomed to plan ahead so that the right material and the right skill will be at the right place at the right time."

We believe that what Mr. Gifford said of the Bell System in the United States is equally true here. Mr. C. F. Sise, President of this Company, in a published comment on Mr. Gifford's statement, has said:

"We have an adequate force of trained employees, although several hundred of our skilled workers have already enlisted for service overseas.

"All our construction and maintenance equipment is modern, and the instruments and apparatus supplied by our manufacturing associate, The Northern Electric Company, cannot be surpassed.

"For years, because of our arrangement with the A. T. and T., Bell Telephone subscribers in Canada have benefited from the advances made by the A. T. and T. research organization — the Bell Telephone Laboratories."

In Canada's total war effort, the contribution of the several systems comprising the Trans-Canada Telephone System is an essential factor.

1880 1940

60 YEARS OF PUBLIC SERVICE

THE WEEK'S QUOTATIONS

Toronto and Montreal Exchange

The following table is confined to official prices for listed stocks, including curb market quotations. Where no transaction is recorded, bid and asked prices are given. For unlisted stocks, quotations by unlisted dealers are published. The Financial Post cannot accept any responsibility for such quotations.

WEEK ENDING OCTOBER 28

[illegible]

Mining Stocks

Week Ending October 28.

[illegible]

Oil Stocks

[illegible]

Vancouver Stocks

[illegible]

Oil Quotations

[illegible]

* Quotations for 1939.

Government Bonds

(Supplied by Investment Dealers' Assoc. of Canada)

Dominion of Canada Bonds Oct. 30, 1940

%	Due	Bid	Ask.	Approx. Yld.
1	Mar. '41	97½	100½	.55
5	Nov. '41	103½	104	1.13
1½	May '42	100½	100¾	1.13
2	June '42	100½	101¾	1.14
3	Oct. '42	102½	103½	1.31
2½	June '43	102	102½	1.51
5	Oct. '43	108½	109½	1.78
3	June '44	100¾	101½	1.68
a2½	Jan. '44	92¾	94¾	4.25
4½	Oct. '44	108¾	109¾	2.02
2½	Nov. '44	101¾	102½	1.85
a2½	Aug. '45	91¾	93¾	4.11
4	Oct. '45	105½	106	b1.91
4½	Feb. '46	109½	110½	2.41
3½	June '49	101¾	102½	b2.76
3½	Oct. '49	102½	103	b2.70
3½	Nov. '51	100½	101	b3.11
a5	May '52	99	100¾	5.00
4	Oct. '52	105	105¾	b3.08
3	June '55	98	98¾	3.11
4½	Nov. '56	107	107¾	b3.09
4½	Nov. '57	107½	108½	b3.18
3	June '58	97	97¾	3.17
4½	Nov. '58	108½	109	b3.24
4½	Nov. '59	109	109¾	b3.26
a4	Oct. '60	91¾	93¾	4.54
a3½	Jan. '61	82½	83½‡	4.47
3½	June '66	99½	100	3.25
a3e	Jan. '67	79¾	81½‡	4.18
a3e	Nov. '68	79¾	81½‡	4.14
†3	Perpet'l.	88½	89½	3.36

Dominion Guarant'd Bonds

Can. Nat'l. Railway:

%	Due	Bid	Ask.	Approx. Yld.
2	Feb. '43	100½	101½	1.45
2½	Jan. '46	99½	100½	2.20
3	May '44	103½	104	1.82
3	Dec. '50	98	99	3.11
3	Feb. '53	97	98	3.20
3	Jan. '59	95¾	96¾	3.23
*4½	Sept. '51	112	113½	3.04
*4½	Feb. '56	113	114½	3.30
4½	July '57	113½	115	3.34

%	Due	Bid	Ask.	Approx. Yld.
*4½	June '55	115	116½	3.34
3	Feb. '34	115½	116½	3.46
*5	July '69	112	113	b2.61
*5	Oct. '69	116½	118	b3.17
*5	Feb. '70	116	117½	b3.25
Grand Trunk Pacific Rly.:				
3	Jan. '62	98	99	3.06
Provincial Govt. Bonds				
New Brunswick:				
3	Oct. '51	85½	87½	4.45
3½	Aug. '49	88½	90½	4.58
3½	June '56	87	89	4.49
c4	Nov. '47	95½	97½	4.42
c4½	Apr. '61	98½	101	4.42
c5	Jan. '60	103	105	4.61
Nova Scotia:				
3	Jan. '52	91	93	3.75
3½	June '56	91½	92½	3.90
3½	Nov. '50	96½	97½	3.80
c4½	Sept. '52	104½	106	b3.50
c4½	Nov. '60	105	107	4.00
c5	Mar. '60	111½	113½	4.00
Ontario:				
2½	May '45	99½	100½	2.40
3	Apr. '48	97¾	98¾	3.19
3	Nov. '50	97½	98½	3.20
3½	Nov. '51	98½	99½	3.30
3½	May '55	97¾	98¾	3.36
*4	June '62	105½	107½	3.50
4½	June '50	108	109	3.39
*4½	Jan. '62	111½	113½	3.59
5	Oct. '48	110½	111½	3.35
*5	Dec. '60	117	119	3.67
5½	July '46	110¾	111¾	3.21
Ont. Hydro Commission:				
3	Aug. '48	97¾	98¾	3.18
3½	Feb. '53	98	99	3.35
3½	Apr. '47	101½	102½	3.12
Prince Edward Island:				
3	Oct. '45	94½	96	3.87
Quebec:				
3	Nov. '47	94	95	3.78
3½	Mar. '48	95	96	3.88
3½	Mar. '54	90½	91½	4.07

%	Due	Bid	Ask.	Approx. Yld.
3½	Mar. '59	91½	93½	4.00
4	Mar. '52	99	101	3.80
4½	Aug. '58	100	102	4.09
4½	Jan. '63	103	105	4.18
Alberta:				
4	Dec. '54	53	57	d
4½	Oct. '51	60	..	d
c4½	Oct. '56	55	59	d
*5	Oct. '59	57	61	d
c5½	Apr. '52	62½	66½	d
6	Mar. '47	65	69	d
British Columbia:				
c4	Dec. '57	97½	101½	3.88
*4½	Jan. '51	100	104	4.00
c4½	Oct. '53	100	104	4.10
c5	Apr. '54	103	107	4.31
5½	Feb. '45	102	106	3.96
6	Feb. '47	103½	107½	4.83
Manitoba:				
c4	Dec. '57	89	93	4.60
c4½	Dec. '56	91½	95½	4.91
*5	Dec. '59	96	100	5.00
5½	Oct. '55	98	102	5.30
6	Apr. '47	99	103	5.45
Saskatchewan:				
4	Sept. '54	73	77	6.53
4	Nov. '60	72	76	6.00
c4½	Oct. '51	82½	86½	6.20
c4½	Mar. '60	75	79	6.40
5	Aug. '58	81	85	6.42
5½	Oct. '52	86	90	6.73
6	Mar. '52	90	94	6.78

*-Payable Can., N.Y. and £. b-Calculated to call date giving lowest possible yield. c-Payable Can. & N.Y. a-Payable N.Y. †-Callable on or after Sept. 15, 1966. d-Traded flat. Interest being paid at 50% of coupon rate, minimum rate 2%. e-Callable at a premium. ‡-N.Y. funds.

Unlisted Stocks

(Furnished by A. J. Pattison Jr. & Co., Toronto)

Industrials:	Bid	Ask.
Acme Farm. D.	23	..
Andian National	29	30½
Anglo C. Tel., A	8½	9½
Atlas Steel	16½	18½
Barrymore, pfd.	28	..
Blue T. Brew. A	8	9
B. C. Pulp., c.	18½	19½
Do., pfd.	70	78
B. C. Sugar	72½	75
B. C. Tel., 1st p.	111	114
Burns & Co., A	5	6
Do., B	2½	3½
Can. Col. Air.	3	4
Can. Co-op. Wl.	6½	8
Can. Cr. Stone p	22	..
C. I. L., A c. ..	226	..
Can. Ing. Rand	70	73
Can. Mot. L.A.B.	2½	..
Can. Tube, 1st p	67	70
Chase, A. W., p.	17	19
Claude Neon, p.	5½	7
Colonial Steam.	17	19
Dom. Manuf., p.	60	65
Dunlop T. p. $25	22½	23½
Easy Wash. p $10	9	10
Goderich Elev..	7½	8½
Guard. Realty, p	15	18½
Guelph Carp., p	98	101
Do., com.	16½	19½
Gurney Fdry, p.	1¾	1¾
Hayes Steel, c.	9½	10½
Hi'land Dairy, p	45	50
Homewood San.	100	120
Inglis, John, c..	5½	7
Ingram & Bell.	21½	25
Kingston Sh. un	22	24
Loblaw Inc., c..	12½	13½
Minn. O. Pap.	3½	4½

	Bid	Ask.
Morrison Br. un	..	5
M'row Screw, p.	99	..
Do., com.	10	..
Neilson, Wm., c.	10	..
Do., pfd.	101	..
N. B. Tel., c. ..	12	15
N. Meth. Ldy., p	50	57
Niag. L. A. Br.	..	52
Ont. Tobacco, p.	14	..
Paterson Wm. p	100	..
Prov. Paper, pfd	103	105
Ruddy, E. L., p.	24½	27½
Seal O Sac (Can.)	1	2
Stand. Fuel., p.	57	63
Stedman, pf. $50	55	58
Tor. Carpet, c..	28	32
Do., pfd.	59	64
Un. F. Co-op. ..	2½	3
Un. Steel, A pf.	23	24½
Viceroy p. & rts.	25	..
Trusts & Loan Stocks:		
Brit. Mtge.	131	..
Capital Tr.	25	28
Com. Fin., c. ..	2½	3
Grey & B. Tr. $50	42	45
Guaranty Trust	98	101
Guelph & C. $50	52	55
Lambton Loan .	30	..
London & West.	34	40
Sherbrooke Tr..	120	..
Sterling Trust .	57	..
Traders Fin. A c	10½	11½
Do., A pfd. ..	83	87
Trusts & Guar..	24	25½
Victoria Trust .	70	80
Insurance Stocks:		
Brit. Amer.	52	57

	Bid	Ask.
Canada Life ...	390	420
Canadian Fire .	77	..
Confed. 30% pd.	130	140
Crown fully pd.	235	270
Dominion Fire .	130	..
D. of Can. Gen.	100	110
Empire 25% pd.	5½	6½
Excelsior 36% pd	57	62
Federal 25% pd.	50	54
Great-West Life	205	220
Imperial Life ..	290	300
Manufac. Life ..	215	240
Sov. L. 25% pd.	12½	15
Sun Life	355	380
Tor. General ..	5	5½
Wellington Fire	58	..
Western Assce..	40	49
Theatre Stocks:		
Allens, Kings. p	62	65
Do., London p	52½	56
Do., St Cath p	50	54
Do., Tor., p. .	31	35
Mansf. Theat., p	26	30
Para., Kitch. p.	50	55
Do. Oshawa, c	9½	11
Investment Trust Shares:		
Can. Investors .	5½	6½
Deb. & Sec., pf.	62	..
Sec's. Hold., pf.	18	22
United Corp., A	18½	..
Do., B	4	5
Power Issues:		
Can. W. N. Gas	25	..
Do., pfd.	100	102
Gt. Lakes Pr., p.	99	103
Mtl. Is. Pwr., p.	20	..
Nor. Ont. Pr., p.	76	84

Unlisted Mines

Toronto, Oct. 29, 1940

	Bid	Ask
Acordia	.25	.27
Addington	.01	.02
Albany River (Old)	.11	.13
(New)	.25	.27
Amal Kirk	.06	.07
Anoki	.06½	.07½
Arjon	.01½	.02½
Armistice	.02	.04
Argosy	.06	.07
Area	.03	.03½
Athona (Old)	.01	.02
(New)	.02	.03
Barb Lard	.01½	.02½
Bilmac	.00½	.01½
Bonetal	.41	.44
Brock	.24	.25½
Buff Bear	.02	.03
Calder Bo	.02	.04
Central M	.02½	.03½
Cheminis	.02	.02½
Coin Lake	.03½	.04
Cons Chib	.04½	.06
Crescent	.01	.01½
Dayton	.01	.01½

	Bid	Ask
Demp Cad	.00½	.01½
Desants n	.20	.23
Dona Pat	.02	.03
E Lacoma	.00½	.01
Elmos	.05	.06
Franco	.27	.32
Galore	.01½	.03
Gate Pat	.00½	.01
Gilbec	.00½	.01
Gordon Lb	.01	.02
Hiawatha	.04	.05½
Hoyle nw	.33	.35
Hugh PaP	.06½	.07
Hutch Lke	.01½	.02½
Keora	.01	.02
Kenricia	.01½	.03
Kewaga'a	..	.02
Kiena	.08	.08
Kirk Gate	.01	.02
Lacoma	.00½	.01½
Lake Duf	.24	.26
Lake Gen	.06	..
Lw Pete	.17	.20
Magnet C	.86	.90
Magnet L	.19	..
Magwell	.02	.05

	Bid	Ask
Martin Br	.02½	.08½
Margaret	.09½	.10½
Mata Can	.05½	.06½
Mata Con	.17	.19
Mof Hl n	.01½	.02
Monarch	.02	.02½
Mooshla	.01	.02
Mosher	.06½	.07½
McGregor	.02	.02½
Nat Mal	.53	.56
Negus	.60	.70
New Roy	.00½	.01
Nickel O	1.00	1.25
Norbeau	.20	..
Norlake	.01	.02
Norwin	.04	.06
Oklend	.07	.08
O'Leary	.01½	.02½
Opemiska	.02	.04
Oriole	.01	.01½
Orpit	..	.02
Ossian	.01	.02
Pascalis	.22	.25
Pontiac R (Old)	.04	.05
Pelangio	.01½	.02½

	Bid	Ask
Polaris	.14	.18
Propri'y	2.45	2.60
Presdor	.03½	.04½
Queb Man	.06	.08
Rahn Lke	.01½	.02½
Rand Mal	.09	.10
Red Lake	.02½	..
Sachigo	2.00	2.50
Senore	.07½	.09
Shenango	.02½	.03
Sheldon	.03½	.05
Siscoe Ex	.01½	.02½
Skynner	.02½	.04½
Smelters G	.00½	.01
Spooner	.04	.04½
Sunbeam	.03	.04
Springer	.04	.05
Stadacona	.07½	.09
Thomson	.09	.11
Thomp Cd	.02	.04
Treaty P	..	.23
Union Mn	.03½	.04½
Wasu	.03	.06
West Red	.02½	.04
Woco	.03	.05
Y David'n	.23	.25

Montreal, October 29, 1940

	Bid	Ask
Cad Exp	.02	.04
Chibmac	..	.02
C. Pand'ra	.01	.02
Cournor	.15	.19
Dubisson	.08	.12
L Rowan	.04	.05
Obalski	.01½	.03
Pan Can	.07½	.09
Scott Ch	.02	.03
Westwd C	.01	.03

Corporation Bonds

(Supplied by Investment Dealers' Association of Canada)

Oct. 29, 1940

Public Utility Issues:	Int. Rate %	Due	Bid Oct. 29	Asked Oct. 29	Bid Oct. 22
†Assoc. Tel. & T.	5½	'55	73½	76½	74
B. C. Power ...	4½	'60	100½	103½	100½
B. C. Tel.	4½	'61	105	108	104½
†Calgary Pwr. .	5	'60	105½	108½	106
Do.	5	'64	102	...	102
†Can. Nor. Pwr.	5	'53	103½	106½	104
*Dom. Gas & El.	6½	'45	101	104	101½
Gatineau Pwr. .	5	'49	102	105	102½
Do., A	3½	'69	97	100	97½
Gt. Lakes Pwr.	4½	'36	98½	101½	98
*Int. Hydro-E.	6	'44	70½	73½	74
▲Inter. Power ..	6	'55	100	...	100½
Macl'n-Que. Pr.	4	'59	96½	99½	96½
Mtl. L. H. & P.	3½	'56	99	102	99
Do.	3½	'73	95½	98½	96
†Mtl. Tramways	5	'41	91½	94½	91
†Do.	5	'55	64	67	64
Nat. Lt. & Pwr.	6	'49	98½	...	98½
N. S. Lt. Pr. ...	4	'57	100	...	99½
Ottawa H. & P.	4	'57	100	...	99½
Ottawa V. Pwr.	5	'59	102	105	102
†Power Corp. ...	4½	'59	97	100	97½
Quebec Pwr. ...	4	'62	100½	103½	100
*Saguenay P., A.	4½	'66	105	...	105
▲Do., B.	4½	'66	103	...	103
Shaw. W. & P.	4	'61	102	105	102
Union Gas	4½	'50	102	105	102
†United Secs. ...	5½	'52	61½	64½	61½
Wpg. El., ser. A	4	'65	74	77	74
Industrial and Realty Issues:					
†Abitibi P. & P.	5	'53	68	71	68
Acadia Sugar .	4½	'55	100	...	100
†Alta. Pa. Grain	6	'46	97½	101	98
Atlantic Sugar	4	'51	99½	...	99
†B. C. P. & Pap.	6	'50	97½	100½	97
Burns & Co. ...	5	'58	64½	67½	65
Canada Bread .	6	'41	101	104	101
Canada Cement	4½	'51	103½	106½	103½
Can. Paper	4½	'52	97½	...	97½
Can. Steamship	5	'57	96½	99½	96
Can. Canners	4	'51	100	103	100
*Can. Int. Paper	6	'49	102	105	102½
C. P. R.	3½	'51	88½	91½	88½
Do.	4	'49	92½	95½	92½
Do.	4½	'44	97	100	97
Do.	6	'42	102½	105½	102½
†Consol. Paper .	5½	'61	66½	69½	67
Dom. Coal	4½	'52	100	103	100
▲Dom. Stl. & Co.	6½	'55	106½	109½	106½
Dom. Tar	4½	'51	101	104	101
†Donnacona P. .	4½	'56	78	81	79
Famous Players	4½	'51	100	103	99½
†Federal Grain	6	'49	97½	101	98
†Fraser Cos. ..	6	'50	98	101	98
Gen. Stl. Wares	4½	'52	98½	101½	98½
*Great L. Paper	5	'55	92	95	92
†Gypsum, Lime	5½	'48	98	...	98
Ham. By-Pr. C.	5	'55	101	104	101
Inter.-City Bak.	5½	'48	100	...	100
*Inter. P., Nfld.	4½	'68	90	...	89
Lake St. J. P. .	5½	'61	89	92	89
†Maple Leaf M.	3	'58	74½	77½	73
Massey-Harris	4½	'54	92	95	92
McColl-Fron.	4½	'49	101½	104½	101½
McCormick's	4	'52	94	98	94
▲Mercury Mills..	5	'39	92	96	92
*M. & O. Paper	6	'45	50	53	50½
Nat. Grocers ..	4	'47	100	...	100
N. S. Stl. & Co.	3½	'63	84	88	83½
Price Bros.	5	'57	97½	100½	98
*Prov. Paper	5½	'47	103	106	103
Reliance Grain	4½	'52	94	...	94
†Restigouche Co.	6	'48	97½	100½	98
Rolland Paper .	4½	'51	102	105	102
Simpson's Ltd.	4½	'51	100½	103½	101
Smith, Howard	4½	'51	103½	106½	103
*United Gas	5½	'48	103	...	102½
United Gr. Grs.	5	'48	95	98	94½
†Western Grain	6	'49	50	53	50½

*Payable in Canada, or U. S.
†Payable in Can., U. S., or U. K.
▲Payable in Can. or U. K.
°Payable in U. S. only.
♦Payable in Canada only.

Supplementary Bond and Stock Quotations

Furnished by Plaxton, Cherry & Co., Toronto

Oct. 29, 1940

Miscellaneous Bonds:	Int. Rate %	Due	Bid Oct. 29	Asked Oct. 29	Bid Oct. 22
†Alg. Cen. H.B.R.	5	'59	7	8½	7½
*†B. C. Pulp	7	'50	95	100	95
Can. Electric ..	4½	'65	98	...	96
†Can. Locomotive	6	'53	78	82	77
†Can. Vickers ..	6	'47	51½	54	51½
Col. Steamship.	6	'54	93½	95½	93
Dom. Scott. Inv.	4	'52	89	92	88
Dom. Woollens.	6	'53	92	95	91½
†Dufferin Pav. ..	5	'55	46	50	43
East. Dairies .	6	'49	75	79	74
Galt Brass	5	'50	71	..	70
Gt. Lakes Pwr.	5	'57	96	99	94
°Gurney Fdry. .	5½	'49	70	73	70
Ham. Cotton ..	4½	'50	100	103½	99
Indust. Accept. .	4	'32	85	88½	83
Inv. Bond & Sh.	5	'47	49	52	47
*Kingston Elev. .	6	'30	104½	107	104
†L. St. John P&P	5	'61	67	70	66½
Legare	6	'61	85	88½	84½
L. St. Law. Pwr	5	'55	96	100	96
Moirs Ltd.	6	'53	73	..	71
†Mtrl. Drydocks.	6	'48	40	44½	40
*M. & O. New .			73	76	71
*Munic. Bankers			9½	10½	9½
†Nat. Utilities ..	6	'48	32	..	31
Price Bros.	4	'57	88	91½	88
E. L. Ruddy ...	6½	'48	97½	100	98
Silv. Dairies ...	5	'51	100	103	100
Silv. Dairies ...	6	'66	93	96½	93
Sterling Coal ..	6	'45	93½	96	93½
†Stop & Shop ...	6	'47	56	60	55½
St. Maurice Pr.	4½	'70	99½	102	99½
Twin C. Rap. Tr.	5½	'52	68	71½	68
United Corp. ..	5	'53	90	93½	91
†Wpg. Elec., B ..	4-5	'65	53½	56½	53

Miscellaneous Stocks:	Bid Oct. 29 $	Asked Oct. 29 $	Bid Oct. 22 $
Blue Top Brew., B	5.15	6.00	5.00
Brown Co., c.	1.50	2.25	1.50
Can. Inv. Fund	3.50	3.85	3.45
Can. Motorlamp, A	3.15	4.00	3.00
Can. West. Lumber	.40	.65	.35
Cap. Wirecl., pref. .	20.50	23.00	20.00
Collingwood T., un.	.75	..	.70
Corp. Inv., A	5.65	6.00	5.65
Dover Ind. Ltd. ..	7.75	8.50	7.75
East. Stl. Prds., p.	19.75	21.00	20.00
Ind. Accept., pref. .	81.00	85.00	80.00
Int. Util., 1.75 p. ..	10.25	11.75	10.65
Int. Util., 3.50 p. ..	34.00	37.50	35.00
Inv. Found., units .	39.50	42.50	40.00
Mid. Loan & Savgs.	14.25	15.75	14.00
Moirs Ltd., 6% p. ..	16.00	18.00	15.50
N. Amer. Elev., p. .	49.00	..	48.50
Prov. Bank	101.00	103.50	101.00
Tip Top Inc., units	..	62.00	B.W.
Tr. Fin. Inc., rts. ..	12.75	14.00	12.50
Waterloo Tr. & Sav.	100.50	103.00	100.00
West. Can. Hydro, p.	11.25	12.25	11.00
Woods Mfg., com. ..	4.25	5.75	4.50

*Payable U. S. and Can. funds. *Payable U. S. funds only. †Traded without accrued interest.

Bathurst Paper to Pay Further Dividend

From Our Own Correspondent

MONTREAL.—Bathurst Power & Paper Co. has declared a dividend of 25 cents a share on the class A stock, payable Dec. 23 to shareholders of record Dec. 5. This will bring distribution for the current year to $1 a share, compared with a payment of 25 cents a share in each of the preceding three years.

Prior to the current declaration three payments, each of 25 cents, had been made, payable May 1, Aug. 1 and Nov. 1. The payment of $1 a share this year involves outlay of $400,000.

GUNNAR OUTPUT

Production of Gunnar Gold Mines for September amounted to $56,327 from 4,453 tons of ore milled for an average recovery of $12.65 a ton compared with $56,512 from 4,572 tons of ore the previous month with recovery averaging $12.36 a ton.

Winnipeg Stocks

(Transactions from Oct. 21 to Oct. 26)

	Sales	High for period	Low for period	Close Oct. 26
Central Manitoba	250	.01	.01	.01
Federal Grain, pref.	37	37.00	37.00	37.00
Lake Geneva	100	.08	.08	.08
Northern Can. Mtge., pfd.	40	6.00	6.00	6.00
Proprietary Mines	100	2.42	2.42	2.42
Traders Finance, c., A	50	11.00	11.00	11.00
Do., com., B	48	11.00	11.00	11.00
United Grain	51	8.50	7.75	8.50
Western Steel	35	7.75	7.75	7.75
Wingold	6,700	.06	.05½	.06

Stocks Not Traded in During Week*

	Bid	Asked
Beaver Fire	75	..
Beav. Lumber, c.	..	4
Do., pref.	99	102
Can. Airways ...	1	..
Can. Indemnity	120	..
Dom. Envelope p.	100	..
Federal Grain, c.	..	1¼
Home Invest. ...	13	..
Monarch Life ..	33	..
North. Trusts ..	..	7
Traders Bldg. ..	39	..
West. Grain, p. .	7	9
West. Brew.	1½	2
Wings	.15	..

*Stocks more active on other exchanges not included.

Municipal Bonds

Oct. 29, 1940

†Halifax ...	5	1961	105.00	110.00	4.27
Hamilton .	5	1950	110.50	112.50	3.45
Montreal ..	3	1945	93.00	98.00	5.32
Ottawa ..	4½	1945	104.05	106.05	3.10
†Quebec ...	5	1959	104.00	108.00	4.37
Saint John	5	1950	102.00	106.00	4.26
†Toronto ...	4½	1955	109.30	111.30	3.50
†Vancouver	5	1950	99.00	102.00	4.73
Winnipeg	5	1944	100.00	103.00	4.03

†Payable Can. and N.Y.

Volume of Stock Sales

	Montreal Markets Indust.	Montreal Markets Mines	Toronto Markets Ind. & Mines	Vancouver Markets Ind. & Mines
Oct. 29	5,500	3,700	189,000	......
Oct. 28	8,600	5,400	187,000	15,670
Oct. 26	10,000	3,800	165,000	6,963
Oct. 25	9,900	4,900	274,000	13,556
Oct. 24	6,400	14,800	160,000	8,169
Oct. 23	9,700	12,300	304,000	17,150

Investment Trusts

	Bid	Asked
Affiliated Fund	2.65	2.90
Can. Amer. Trust	3.00	3.50
Can. Inv. Fund, ex-div.	3.45	3.85
All Can. Trustee	....	10.25
Grouped Income	....	5.40
Trans-Canada Shs.	10.83	11.83

Annual Meetings

1940	Company	Place
Nov. 5	Murphy Mines	Toronto
Nov. 6	United Grain Gr.*	Calgary
Nov. 7	N. Bawlf Grain†	Winnipeg
Nov. 12	Laura Secord	Toronto
Nov. 13	Wright-Hargreaves	Kirkland L.
Nov. 18	Consumers' Gas	Toronto
Nov. 21	Ogilvie Flour Mills	Montreal
Nov. 27	Garm't Centre Capitol‡	Montreal
Nov. 27	Garm't Centre Capitol▲	Montreal
Dec. 10	Cent. Manitoba Mines	Winnipeg
Dec. 11	Dominion Bank	Toronto

*Annual and special. †Adjourned special. ‡1st Mtge. bondholders. ▲General mtge. bondholders.

Dividends Declared

	This payment	Date payable	Date of record
Ang. Can. Tele., p.	68¾c	Nov. 1	Oct. 15
Ault & Wiborg, p.	$1.37½	Nov. 1	Oct. 15
Alta. W. Pres., p.	$1.75	Jan. 2	Dec. 23
Aluminium	$1.50	Dec. 5	Nov. 20
Do., pref.	†$1.50	Dec. 1	Nov. 15
Bk. Can. Nationale	$2	Dec. 1	Nov. 15
Bank of Montreal	$2	Dec. 2	Oct. 31
Bank of Toronto	$2.50	Dec. 2	Nov. 15
Blue Ribbon, pfd.	62½c	Nov. 1	Oct. 21
Beattie Gold	4c	Dec. 5	Nov. 15
Do., extra	▪2c	Dec. 5	Nov. 15
Beatty Bros., 1st p.	$1.50	Nov. 1	Oct. 15
B. C. Tele., 2nd p.	$1.50	Nov. 1	Oct. 17
Bathurst Pr., A	25c	Dec. 23	Dec. 5
Can. Bk. of Comm.	$2	Nov. 1	Sept. 30
Canada Iron	$1.50	Nov. 1	Oct. 15
Do., pref.	$3	Nov. 1	Oct. 15
Can. Inv. Fd. sp. ord.	4c	Nov. 1	Oct. 15
Cel. of Am., stk. div.	*	Dec. 10	Oct. 11
Do., prior pf.	†$1.75	Jan. 1 '41	Dec. 17
Do., part. pfd.	†$3.50	Dec. 31	Dec. 17
Can. W. & Cable, A	$1	Dec. 15	Nov. 30
Do., B	50c	Dec. 15	Nov. 30
Do., pref.	$1.62½	Dec. 15	Nov. 30
Can. For. Invest.	70c	Nov. 1	Oct. 15
Can. Bronze	37½c	Nov. 1	Oct. 21
Do., pref.	$1.25	Nov. 1	Oct. 21
Cochenour W.	3c	Nov. 15	Oct. 31
Canadian Oil, c.	12½c	Nov. 15	Nov. 1
Do., extra	12½c	Nov. 15	Nov. 1
Can. Converters	50c	Nov. 15	Oct. 31
Calgary Power, p.	$1.50	Nov. 1	Oct. 15
Chesterville L.	▲5c	Dec. 14	Nov. 25
Coast Brew.	3c	Nov. 1	Oct. 8
Can. Investors	10c	Nov. 1	Oct. 18
Com'wealth In'tl.	4c	Nov. 15	Oct. 15
Confed. Amuse., pf.	$3	Dec. 4	Nov. 15
Coniaurum M.	4c	Dec. 5	Nov. 15
Do., extra	▪2c	Dec. 5	Nov. 15
Cosmos Imp.	30c	Nov. 15	Oct. 31
Crown Cork	50c	Nov. 15	Oct. 31
Crow's Nest Coal	$1.50	Dec. 2	Nov. 7
Commoil	1½c	Nov. 25	Nov. 15
Corporate Inv., A B	5c	Nov. 15	Oct. 30
Canada Cement, p.	$1.25	Dec. 20	Nov. 30
Can. Ind. Alc., A B	15c	Nov. 30	Nov. 20
Can. Malartic G.	▪2c	Dec. 17	Nov. 28
Dom. & Ang. Inv. p	$1.25	Dec. 2	Nov. 15
Distil.-Seag., p.	†$1.25	Nov. 1	Oct. 15
Dominion Bank	$2.50	Nov. 1	Oct. 19
Dominion Tar pfd.	$1.37½	Nov. 1	Oct. 14
Dome Mines	▪50c	Jan. 20	Dec. 31
Dom. Bridge	30c	Nov. 25	Oct. 31
Electrolux	25c	Nov. 15	Oct. 17
East Malartic M.	10c	Dec. 2	Nov. 1
Gen. St. Wares, pf.	$1.75	Nov. 20	Nov. 8
Do., participating	19c	Nov. 20	Nov. 8
Granby Cons.	▪†15c	Dec. 2	Nov. 15
Gurd, C., pfd.	$1.75	Nov. 15	Nov. 1
Gunnar Gold	3c	Nov. 15	Oct. 31
Guard. Realty, pfd.	50c	Oct. 15	Sept. 30
Guelph Carpet	$1.50	Nov. 1	Oct. 22
Do., pref.	$1.62½	Nov. 1	Oct. 22
Hallnor Mines	15c	Dec. 2	Nov. 15
Hollinger Cons.	5c	Nov. 4	Oct. 21
Do., extra	5c	Nov. 4	Oct. 21
Hedey Mascot	2c	Nov. 15	Oct. 23
Humberstone Shoe	25c	Nov. 1	Oct. 21
Italo-Arg. Elec.	•3.50	Nov. 8	Coup. 44
Int. Metal, p. & A pf.	$1.50	Nov. 1	Oct. 15
Do., arrears	$6	Nov. 1	Oct. 15
Inter. Util. pfd.	‡†87½c	Nov. 1	Oct. 22
Inter. Nickel, pf.	†$1.75	Nov. 1	Oct. 2
Imperial Bank	$2.50	Nov. 1	Sept. 30
Inter. Bronze	37½	Nov. 15	Oct. 31
Kirkland L. Gold	5c	Nov. 1	Sept. 30
Do., extra	1c	Nov. 1	Sept. 30
Leitch Gold	2c	Nov. 15	Oct. 31
Loew's London, pf.	25c	Nov. 30	Nov. 16
Loblaw Inc.,	†20c	Nov. 30	Nov. 15
Loblaw Groc., A B	25c	Dec. 2	Nov. 9
Do., extra	12½c	Dec. 2	Nov. 9
McIntyre Porc.	53½	Dec. 2	Nov. 1
Do., extra	$1.11	Jan. 2, '41	Nov. 1
Mtge. Corp., N.S.	$1.50	Nov. 1	Oct. 24
Matachewan Cons.	▪2c	Nov. 30	Nov. 11
Nat. Biscuit	†40c	Jan. 15 '41	Dec. 13
Do., pref.	†$1.75	Nov. 30	Nov. 15
Neon Prod., W. Can., p.	$1.50	Nov. 1	Oct. 15
Noranda Mines	$1	Dec. 16	Nov. 25
Northwest. Util., p.	$1.50	Dec. 1	Nov. 25
Ont. Steel Prod.	25c	Nov. 15	Nov. 4
Do., pref.	$1.75	Nov. 15	Nov. 4
Orange Crush, p.	35c	Nov. 1	Oct. 15
Penmans	75c	Nov. 15	Nov. 5
Do., pref.	$1.50	Nov. 1	Oct. 21
Pamour Porc.	6c	Dec. 2	Nov. 15
Privateer Mine	3c	Nov. 10	Oct. 30
Do., extra	2c	Nov. 10	Oct. 30
Quebec Power	25c	Nov. 25	Oct. 28
Royal Bank	$2	Dec. 2	Oct. 31
Rolland Paper	30c	Nov. 15	Nov. 5
Do., pref.	$1.50	Dec. 2	Nov. 15
Regent Knit., pfd.	80c	Nov. 1	Oct. 15
Shawinigan W.	22c	Nov. 25	Oct. 23
Siscoe Gold	2½c	Dec. 16	Nov. 16
Sullivan Cons.	3c	Nov. 1	Oct. 5
Simpson, Robt., p.	$3	Nov. 1	Oct. 17
San Antonio G.	7c	Nov. 5	Oct. 21
Do., extra	3c	Nov. 5	Oct. 21
Saguenay Pr., pf.	$1.37½	Nov. 1	Oct. 15
So. Amer. Gold	†10c	Nov. 20	Nov. 7
South. Can. Pr., c.	20c	Nov. 15	Oct. 31
Simpsons, pref.	$1.62½	Nov. 1	Oct. 17
St. Law. Flour	25c	Nov. 1	Oct. 19
Do., pref.	$1.75	Nov. 1	Oct. 19
Steel of Canada	43¾c	Nov. 1	Oct. 7
Do., pref.	43¾c	Nov. 1	Oct. 7
Sherritt G. M.	5c	Dec. 12	Nov. 12
Sylvanite Gold	†5c	Dec. 28	Nov. 6
Do., extra	†5c	Dec. 28	Nov. 6
Toburn Gold	2c	Nov. 22	Oct. 22
Do., extra	2c	Nov. 22	Oct. 22
Union Gas	20c	Dec. 14	Nov. 20
United Corp., A	37c	Nov. 15	Oct. 31
United Fuel, A pfd.	75c	Jan. 2, '41	Dec. 20
Upper Can. Mines	3c	Nov. 30	Nov. 15
Ventures	▪10c	Dec. 21	Nov. 29
Vulcan Br. Pete.	2c	Nov. 8	Oct. 31
Wendigo Gold	▪▲3c	Dec. 2	Nov. 25
Weston, Geo., pf.	$1.25	Nov. 1	Oct. 15
Walkerville Brew.	5c	Nov. 25	Nov. 15
Wood, A. & J. pf.	$1.75	Nov. 1	Oct. 15
Zellers, pref.	37½c	Nov. 1	Oct. 15

†Payable in U. S. funds.
•Pesos, less 5% Argentine tax.
▪Subject to approval by Foreign Exchange Control Board.
*One share for each 30 common shares held.
‡Subject to approval of Securities and Exchange Commission and payable out of capital surplus.
▲Initial.

DIVIDEND NOTICES

Matachewan Consolidated Mines Limited

25 King Street West, Toronto
DIVIDEND No. 1

NOTICE IS HEREBY GIVEN that a dividend of 2 cents per share has been declared by the Directors of Matachewan Consolidated Mines Limited, payable in Canadian funds on November 30th, 1940, to shareholders of record November 11th, 1940.

Payment of this dividend is, under present conditions, subject to obtaining the approval of the Foreign Exchange Control Board.

By order of the Board.
H. WHITTINGHAM,
Secretary-Treasurer.
October 25th, 1940.

The Guelph Carpet & Worsted Spinning Mills Limited

Preferred Dividend No. 46

Notice is hereby given that a Dividend of One and Five-eighths per cent. (1⅝%), being at the rate of Six and One-half per cent. (6½%) per annum, has been declared upon the outstanding 6½@ Cumulative Convertible Preferred Shares of The Guelph Carpet & Worsted Spinning Mills Limited, for the Three Months ended October 31, 1940, payable November 1, 1940, to Shareholders of record at the close of business October 22, 1940.

By Order of the Board.
B. F. GRIGGS,
Secretary-Treasurer.
Guelph, Ont., October 23, 1940.

Real Estate Bonds
Bought—Sold—Quoted
A. J. Pattison, Jr. & Co.
Royal Bank Bldg., Toronto
EL. 5101

Mining Dividends

	Rate	Close Oct. 28	Yield %
Beattie Gold	16c+2c	1.15	*15.6
Bralorne	80c+40c	10.00	*12
Broulan Porc.	3c	.80	..
Buffalo Ankerite	‡31c	4.30	..
Bulolo Gold	$3	14.87	20.1
Can. Malartic	8c	.56½	..
Cariboo Gold	16c+8c	2.10	*10.4
Central Patricia	16c+7c	1.87	*12.2
Cochenour Willans	†3c	.74	..
Coniagas	‡25c	1.25	..
Coniaurum	16c+2c	1.40	*12.8
Cons. Smelters	$1+$1	40.00	*5
Delnite	‡8c	.85	..
Dome Mines	$2	23.00	8.7
East Malartic	30c	3.35	8.9
God's Lake	2½c	.35	..
Gold Belt	†2c	.21	..
Gunnar Gold	‡6c	.43	..
Hallnor	60c	5.50	10.9
Hard Rock	‡9c	1.02	..
Hedley Mascot	‡8c	.42	..
Hollinger	65c+45c	12.50	*8.8
Howey Gold	‡2c	.50	..
Hudson Bay	$1.75	27.25	6.4
Inter. Nickel, com.	$2	36.75	5.4
Island Mountain	‡8c	.82	..
Kerr Addison	‡10c	3.15	..
Kerr Lake	‡5c	.20	..
Kirkland Lake	10c+2c	.97	*12.4
Kootenay Belle	‡12c	.35	..
Lamaque Gold	40c+10c	4.90	*10.2
Lake Shore	$2	20.12	9.9
Leitch	8c	.56	14.3
Little Long Lac	30c	2.15	13.9
Macassa	32c	3.45	9.2
Madsen R. Lake	†3c	.54	..
McGillivray Coal	3c	.25	..
McKenzie Red L.	12c+2c	1.07	*13.1
McWatters	10c	.30	..
Moneta	12c	.60	20
McIntyre Porc.	$2.05½+1▪	54.50	*5.5
MacLeod-Cockshutt	†10c	2.48	..
Nipissing	15c	1.15	..
Noranda	$4	58.00	6.9
North Empire	‡40c	7.25	..
O'Brien Gold	‡10c	.90	..
Pamour Porc.	12c	1.25	9.6
Pato Cons.	20c	2.20	..
Paymaster	2c	.27	..
Perron Gold	16c+4c	1.65	*12.1
Pioneer, B.C.	40c	2.25	17.8
Pickle Crow	40c	2.97	13.5
Placer Develop.	$1.20	10.00	12
Premier	12c	.90	13.3
Preston E. Dome	20c	2.78	..
Privateer Mine	‡16c+2c	.61	..
Powell Rouyn	20c	.95	..
Quebec Gold	‡2c	.20	..
Relief Arlington	†5c	.03	..
San Antonio	14c+6c	2.15	*9.3
Sheep Creek	16c+3c	.91	*20.8
Sherritt Gordon	10c	.80	..
Sigma Mines	‡45c	6.70	..
Silbak Premier	16c	.55	29
Siscoe	‡11½c	.50	..
Sturgeon River	†2c	.18	..
Sudbury Basin	2½c	1.25	..
Sullivan Cons.	‡9c	.61	..
Surf Inlet	†1½c	.10½	..
Sylvanite Gold	20c+10c	2.59	*11.5
Teck-Hughes	40c+5c	3.10	*14.5
Toburn	8c+8c	1.35	*11.8
Upper Canada	‡6c	1.35	..
Ventures	15c	2.75	..
Waite Amulet	†10c	3.60	..
Wendigo	†3c	.26	..
Wright-Harg.	40c+30c	6.20	*11.3

*Yield including bonus. †Initial.
‡Paid or payable in 1940 to date.
▪An extra dividend of $1.11 declared payable Jan. 2, 1941.

DIVIDEND NOTICES

Canadian Malartic Gold Mines Limited

25 King Street West, Toronto.
DIVIDEND NO. 11

NOTICE IS HEREBY GIVEN that a dividend of 2 cents per share has been declared by the Directors of Canadian Malartic Gold Mines Limited, payable in Canadian funds on December 17th, 1940, to shareholders of record November 28th, 1940.

Payment of this dividend is, under present conditions, subject to obtaining the approval of the Foreign Exchange Control Board.

By Order of the Board.
H. WHITTINGHAM,
Secretary-Treasurer.
October 23rd, 1940.

Siscoe Gold Mines Limited

Notice of Dividend No. 35

NOTICE IS HEREBY GIVEN that a Dividend of Two and a half cents (2½) per share on the issued Capital Stock of Siscoe Gold Mines Limited has been declared payable on December 16th, 1940, to shareholders of record at the close of business on the 16th day of November, 1940.

By order of the Board.
H. E. GREEN,
Secretary-Treasurer.
Montreal, October 18th, 1940.

The Guelph Carpet & Worsted Spinning Mills Limited

Common Dividend No. 18

Notice is hereby given that a Dividend of One Dollar and a Half ($1.50) per share has been declared upon the outstanding Common Shares of No Nominal or Par Value of The Guelph Carpet & Worsted Spinning Mills Limited, payable November 1, 1940, to Shareholders of record at the close of business October 22, 1940.

By Order of the Board.
B. F. GRIGGS,
Secretary-Treasurer.
Guelph, Ont., October 23, 1940.

Sylvanite Gold Mines Limited

(No Personal Liability)
TO SHAREHOLDERS AND HOLDERS OF SHARE WARRANTS:

NOTICE OF DIVIDEND NO. 40 AND SPECIAL DIVIDEND NO. 41.

TAKE NOTICE that a regular quarterly Dividend of 5% (i.e., five cents per share) on the outstanding Capital Stock of the Company, payable in United States funds, has been declared as Dividend No. 40.

ALSO TAKE NOTICE that a Special Dividend of 5% (i.e., five cents per share) on the outstanding Capital Stock of the Company, payable in United States funds, has been declared as Dividend No. 41.

Such Dividends will be payable December 28th, 1940, to Shareholders of record at the close of business November 6th, 1940.

In the case of Share Warrants such Dividends will be payable on or after December 28th, 1940, in respect of the shares specified therein, upon presentation and delivery of Coupons Nos. 40 and 41 at:

The Canadian Bank of Commerce, Toronto, or any Branch of said Bank in Canada (Yukon Territory excepted) at the Bank's current buying rate for United States funds on the date the coupon is cashed, without deduction for collection charges; or, Liberty Bank of Buffalo, Buffalo, N.Y.

By Order of the Board.
W. S. WALTON, Secretary.
TORONTO, October 23rd, 1940.

Ventures Limited

25 King Street West, Toronto.
DIVIDEND NO. 9

NOTICE is hereby given that a dividend of 10 cents per share has been declared by the Directors of Ventures Limited, payable in Canadian funds on December 21st, 1940, to shareholders of record November 29th, 1940.

Payment of this dividend is, under present conditions, subject to the approval of the Foreign Exchange Control Board.

By order of the Board.
H. WHITTINGHAM,
Secretary-Treasurer.
October 23rd, 1940.

NORANDA MINES, LIMITED

DIVIDEND NOTICE

Notice is hereby given that an interim dividend of $1.00 per share, payable in Canadian funds, has been declared by the Directors of Noranda Mines, Limited, payable December 16th, 1940, to shareholders of record at the close of business November 25th, 1940.

By order of the Board.
J. R. BRADFIELD,
Secretary.
Toronto, October 24th, 1940.

DIVIDEND NOTICES

The Royal Bank of Canada

DIVIDEND NO. 213

NOTICE is hereby given that a dividend of two per cent (being at the rate of eight per cent per annum) upon the paid-up capital stock of this bank has been declared for the current quarter and will be payable at the bank and its branches on and after Monday, the second day of December next, to shareholders of record at the close of business on the 31st day of October, 1940.

By order of the Board.
S. G. DOBSON,
General Manager.
Montreal, Que., October 15, 1940.

The Dominion Bank

Notice is hereby given that the Annual General Meeting of the Shareholders will be held at the Head Office of the Bank in Toronto on Wednesday, the eleventh day of December, 1940, at the hour of 2.30 o'clock in the afternoon.

By Order of the Board.
ROBERT RAE,
General Manager.
Toronto, 24th October, 1940.

The Bank of Toronto

Dividend No. 237

Notice is hereby given that a Dividend of Two and One-half per cent upon the Paid-up Capital Stock of this bank has been declared for the current quarter, and the same will be payable at the bank and its branches on and after the second day of December next, to shareholders of record on November 15th, 1940.

By Order of the Board.
F. H. MARSH,
General Manager.

Banque Canadienne Nationale

Quarterly Dividend

NOTICE is hereby given that a dividend of two per cent (2%) (being at the rate of 8% per annum) has been declared by the Directors of the Banque Canadienne Nationale on the paid-up capital stock of the Bank for the quarter ending on the 30th day of November, 1940. This dividend, bearing the number 199, will be payable at the Main Office or at the branches of the Bank, on or after the first day of December, 1940, to the shareholders of record on November 15th.

By order of the Board,
CHARLES ST-PIERRE,
General Manager

The Chesterville Larder Lake Gold Mining Company Limited

(No Personal Liability)
INITIAL DIVIDEND NOTICE

Notice is hereby given that an initial interim dividend of .5c per share, payable in Canadian funds, has been declared by the Directors of The Chesterville Larder Lake Gold Mining Company Limited, payable December 14th, 1940, to shareholders of record at the close of business November 25th, 1940.

By order of the Board.
J. T. KEARNS,
Secretary-Treasurer.
Toronto, October 29th, 1940.

Canada Wire & Cable Company

DIVIDEND NOTICES

PREFERRED DIVIDEND NO. 47.

TAKE NOTICE that the regular Quarterly Dividend of $1.625 per share, on the outstanding Preferred Stock of the Company, for the three months' period ended November 30th, 1940, has been declared as Dividend No. 47, payable December 15th, 1940, to Shareholders of record at the close of business November 30th, 1940.

CLASS "A" DIVIDEND NO. 21.

ALSO TAKE NOTICE that a Dividend of $1.00 per share on the outstanding Class "A" Common Shares of the Company has been declared as Dividend No. 21, payable December 15th, 1940, to Shareholders of record at the close of business November 30th, 1940.

CLASS "B" DIVIDEND NO. 11.

ALSO TAKE NOTICE that an Interim Dividend of 50 Cents per share on the outstanding Class "B" Common Shares of the Company has been declared as Dividend No. 11, payable December 15th, 1940, to Shareholders of record at the close of business November 30th, 1940.

By Order of the Board.
A. I. SIMMONS,
Secretary.
Toronto, October 26th, 1940.

DIVIDEND NOTICE
Commoil Limited

NOTICE is hereby given that an Interim Dividend of 1½c per share has been declared on the outstanding no par value shares of the Company, payable November 25th, 1940, to shareholders of record at the close of business November 15th, 1940.

The transfer books of the Company will not be closed.

By Order of the Board.
G. J. McKAY,
Secretary.
October 21st, 1940.

General Steel Wares Limited

DIVIDEND NOTICE

Notice is hereby given that a fixed cumulative dividend of $1.75 per share, being at the rate of 7% per annum in respect of the three months period commencing on the 1st day of August, 1940, and ending on the 31st day of October, 1940, and a cumulative participating dividend of nineteen cents per share in respect of the year 1939, have been declared on the outstanding 45,000 shares of 7% Cumulative Participating Preferred Stock of a par value of $100.00 each of General Steel Wares Limited, payable on the 20th day of November, 1940, to shareholders of record at the close of business on the 8th day of November, 1940.

By Order of the Board,
FRANK S. BROPHY,
Secretary.
Montreal, October 24th, 1940.

Maple Leaf Sales Up, Net Down

Inventory Reserve Created — No Sinking Fund Payment

Annual report of Maple Leaf Milling Co. for year ended July 31, 1940, slated to appear late this week, will show net profit lower than in the previous 12 months, The Financial Post understands from reliable sources. The company reported net profit of $394,023 in year ended July 31, 1939, compared with loss of $165,731 in the prior year.

Working capital, it is understood, has increased. This will not be sufficient, however, for a payment to be made into the sinking fund.

Net volume of business for the 1939-40 period was ahead of the previous 12 months. Several factors were responsible for the net profit being less. Primary reason was the increased provision for taxes, including "excess" profit tax.

The company has created an inventory reserve, while it has been found necessary to make an increase in provision for depreciation. Depreciation of $150,000 was provided in the fiscal year ended July 31, 1939, which was from $12,500 to $33,800 lower than in each of the previous six years.

The company showed a large increase in export volume for the year under review, while domestic business was well maintained. Some export markets, such as Norway, were lost as a result of the war, but more than offsetting this was the heavier demand for the United Kingdom and West Indies. The generally higher level of business in the Dominion since the outbreak of war has been the primary factor in domestic sales holding.

Working capital will show an improvement from the $1.3 million reported on July 31, 1939. The increase is not sufficient, however, after provision for the higher taxes, to come up to $1,750,000. This is the amount defined in the trust deed securing the company's bonds as necessary before the company is required to commence payment of sinking fund installments.

Under the 1939 arrangement, the company must pay to the trustee for the bondholders 70% of the amount by which the working capital exceeds $1,750,000 on Sept. 30 each year. The balance of this amount — or 30% of the total in excess of $1,750,000—would go toward retirement of the No. 2 bank loan. This loan totalled $1,966,300 at July 31, 1939.

Sale of Bawlf Is Held Up

Former Head Takes Out Injunction to Block Transfer Plan

From Our Own Correspondent

WINNIPEG.—Although the promised shareholders' protective committee failed to materialize at the postponed meeting of the N. Bawlf Grain Company Oct. 25, the meeting was nevertheless halted and later adjourned without completing the proposed sale to the Alberta Pacific for $1 million.

Temporary injunctions on behalf of W. R. Bawlf and all other shareholders were served on the N. Bawlf Grain Co., the Alberta Pacific Grain Co., the Royal Securities Corp., H. J. Symington, H. W. Webster, R. W. Milner, D. S. Ormond, G. C. Griffin and W. Pope.

The injunction alleges that the balance sheet of the N. Bawlf Grain Co. at Aug. 31, 1940, showed assets of $3.5 millions and liabilities, excluding those to shareholders, of $1.1 million, leaving net assets of $2.4 millions. The injunction further claims the financial position of the company is sound and that it is not in the interests of the shareholders that the sale to Alberta Pacific be made for $1 million.

In his affidavit Mr. Bawlf relates that he and the W. R. Bawlf Co., owned by himself, hold 11,252 shares of common stock of N. Bawlf Grain and 7 shares of preferred stock. Some of this stock, he says, has been hypothecated with banks and he recites the names in which it stands as trustees. He relates briefly the history of the company and says that the defendant companies have obtained sufficient stock to force a sales at the offered price of $1 million.

The injunction is returnable Nov. 6 and the meeting of the N. Bawlf Grain Co. was adjourned until Nov. 7.

DIVIDEND NOTICES

Bathurst Power & Paper Co. Ltd.

Notice of Dividend on Class "A" Shares

Notice is hereby given that a Dividend of Twenty-five Cents (25c) per share on the outstanding Class "A" shares of the Company has been declared payable on the 23rd day of December, 1940, to shareholders of record at the close of business on the 5th day of December, 1940.

H. J. WEBB,
Secretary-Treasurer.
Montreal, October 28th, 1940.

Loblaw Groceterias Co. Limited

NOTICE is hereby given that a quarterly dividend of 25 cents per share and a bonus of 12½ cents per share on the Class "A" shares, and a quarterly dividend of 25 cents per share and a bonus of 12½ cents per share on the Class "B" shares of the Company have been declared for the quarter ending November 30th, 1940, payable on the 2nd day of December, 1940, to shareholders of record at the close of business on the 9th day of November, 1940. The transfer books will not be closed. Payment will be made in Canadian Funds.

By Order of the Board.
R. G. MEECH,
Secretary.
Toronto, October [illegible], 1940.

Week in Wheat

Most Wheat Buying For Domestic Account

No. 1 Northern Comprises Bulk of Deliveries to Wheat Board — Little Exporting — Low Grades Scarce

From Our Own Correspondent

WINNIPEG.—Activity continues in the Winnipeg futures market, but only to a limited extent. Buying has come into the market, mainly from domestic mills, to keep the October price fractionally above the peg, but leaving the later deliveries usually at the pegged levels.

Farmers are delivering to the Wheat Board practically all the No. 1 Northern they haul to elevators, and this grade still continues to cover the bulk of deliveries. On that grade it is seldom possible to get from the open market anything above the Wheat Board initial prices.

On lower grades, owing to their scarcity, prices have been comparatively better, the market price on No. 3 Northern being approximately 4 cents a bushel better than the Board initial price, while on No. 3 Garnet the advantage has been 7 cents a bushel.

Transactions of the British purchasing authorities, it is understood, have been confined to the exchange of futures held for their account for cash wheat in eastern positions, or against purchases of flour from Canadian mills. It is not expected that purchases from that source will be reflected directly in the market, but it is supposed that future transactions will be negotiated between the British and Canadian Governments at prices higher than those currently prevailing in the market.

There has been a little buying attributed to export sales to Portugal. Unless opportunities for Spanish buying are reopened with a clarification of the Spanish position toward the war, sales to Portugal represent about the only export possibilities of importance outside of the British Isles. Greece is reported to have bought some Australian wheat lately.

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In Other Countries

The wheat market in the United States has been interesting to observe from this side, although its movements, independent as they are of the export situation, are not of importance to Canada. Farmers in that country have responded with great enthusiasm to the opportunity to store their wheat under Government loans, either in sealed storage on their own farms, or in public elevators.

As the loans can subsequently be liquidated by delivery of the actual grain, without further liability on the part of farmers, mills have to bid more than loan values in order to secure wheat for current grinding. The fact that open market prices have run well above loan values is an indication that farmers are willing to hang on to wheat in hope of still higher prices later on.

The Argentine wheat crop appears to be making fair progress, although reports seem to suggest expectation that yields are more likely to be low than above average. Outlook for the Australian wheat crop is still very poor. Some improvement was reported recently as result of fairly heavy rains.

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Threshing Progresses

Threshing made rapid progress in Alberta and the bulk of this work was completed before the fine weather broke. Combines have cut many thousand acres, previously left standing, on which for weeks after grain was ripe it was impossible to do work. The problem of tough and damp grain in Alberta which has been giving a great deal of concern to elevator companies and to the Canadian Wheat Board has been greatly alleviated.

There still remain, however, on Alberta farms many millions of bushels of grain previously threshed with too great a content of moisture and which consequently grade tough and damp. Up to the present, country elevators have been unable to take in such grain, owing to inability to get it forwarded promptly to terminals where it could be properly treated.

In order to make sure of preserving such grain from avoidable damage, undoubtedly it will be necessary to establish a right-of-way for tough and damp grain at country elevators. That would mean also giving preference to such grain in railway movement and embargoing for a time the unloading of dry grain into terminal elevators in order to make room for grain requiring conditioning.

Had the recent drying weather not been experienced, the problem might have been so serious as to interfere largely with the filling of quota deliveries in other provinces in order to enlarge Alberta quotas so that grain might be saved. While this may still have to be done to a limited extent the authorities will naturally be reluctant to go any farther than is absolutely necessary in order that the quota system may be kept working as satisfactorily as possible.

Postwar U.K. Wheat Subsidy Viewed With Misgivings

Recently the British publication Milling noted with concern that the United Kingdom Government contemplated continuing financial inducement to Old Country farmers to expand their wheat acreage even after the war. The current bulletin of the Searle Grain Co. agrees with Milling that this would be a mistake, that there would be serious reactions. States the bulletin:

"Not one single voice of complaint will be heard in western Canada against the enlargement of British wheat production during the war. Whatever penalty has to be suffered, Canadian wheat growers will cheerfully bear it as a contribution to the common war effort. We are bold enough to suggest, however, on behalf of our wheat growers and of all of us in western Canada, that the additional policy of increased production of British wheat to be carried on after the war would be most harmful to Canada, and even to Great Britain herself, and so we believe the proposal is unsound.

"There is no argument that Great Britain could use to justify the necessity of increasing her home-grown production of wheat, that we in Canada could not equally well use to justify the necessity of manufacturing in Canada many goods now imported from Great Britain, but even though we were not inclined so to think, it is perfectly obvious that as Great Britain curtails her purchases of Canadian wheat, so will Canada be forced, whether she likes it or not, to curtail her purchases of British goods, for our wheat is, in great measure, the money our farmers use with which to purchase British goods, and so the simple but inevitable end result that would follow from such proposed British wheat policies would be unemployment in British wool and cotton mills, and in manufacturing industries, and unemployment in Canadian wheat growing areas, causing in turn, for numbers of people in both countries, much suffering and some destitution.

"On the other hand if wheat is permitted to flow freely in large quantities from Canada to Great Britain in exchange for British manufactured goods and commodities, not only will both countries have more employment, but all the people will enjoy a higher standard of living, simply because the loaf of bread would be cheaper in Great Britain, and manufactured British goods would be cheaper in Canada.

"Britain has the finest grasslands in the world, noted for the production of high quality nutritious and palatable livestock products; beef, mutton, milk, eggs, butter and cheese — products, we are authoritatively told, British people sadly lack in sufficient quantities. These grasslands, if ploughed under, can only produce low quality wheat, and at a high cost. Canada, on the other hand, has large areas which are particularly well suited for the production of high quality wheat at a low cost, but these areas in Canada in turn are ill-suited for the production of livestock and livestock products. Why not, then, when the war is over, let each country produce that which it is best suited for, and which Nature evidently intended each area to produce."

United Grain Profits Jump

Ahead of Every Year Since 1929 — Plan to Split Stock

After a long period of lean years, United Grain Growers Ltd. showed a big jump in revenues and earnings in the year ended July 31, 1940. Net profit of $374,241 was substantially ahead of any previous year since 1929, and compared with $5,662 in the 1938-39 fiscal period.

Operating profit of $1.2 million was almost double the 1938-39 figure. Provision for income taxes, including "excess" profits tax, increased by $216,000 to $225,000. A $5 dividend on the $25 par value common stock was paid during the year—the first distribution since 1936.

Plan Reorganization

Notices calling the annual meeting for Calgary on Nov. 6 announce a plan of reorganization will be presented to shareholders. The proposal provides for a stock split.

Each present share of $25 par value would be divided into one class A share with par value of $20 and one class B share on $5 par value. Class A shares would carry a non-cumulative preferred dividend of 5% but no voting rights. They may be generally held, but not more than a total of $5,000 par value by any one person. Present restrictions of shareholding to farmers will be continued with respect to class B shares, which carry voting rights.

Agreed Rate is Given On Transport of Salt

From Our Own Correspondent

MONTREAL. — Canadian Industries Ltd., has applied to the Board of Transport Commissioners for Canada for approval of an agreed rate deal between the company and Canadian National Railways, Canadian Pacific Railway and the Essex Terminal Railway Co. The agreement covers transportation of salt in bulk, and car loads not less than 80,000 lb., from Sandwich, Ont., to Shawinigan Falls, Que., at the rate of $3.50 per short ton.

THE CANADIAN CONSOLIDATED GRAIN COMPANY LIMITED
Operators of Country Elevators in Manitoba and Saskatchewan and Terminal Elevators at Fort William and Port Arthur
Grain Commission Merchants — Shippers and Handlers of All Grains
Head Office: WINNIPEG, CANADA

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Total Storage Capacity 6,925,000 bus.
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Total Carrying Capacity 4,500,000 bus. per trip
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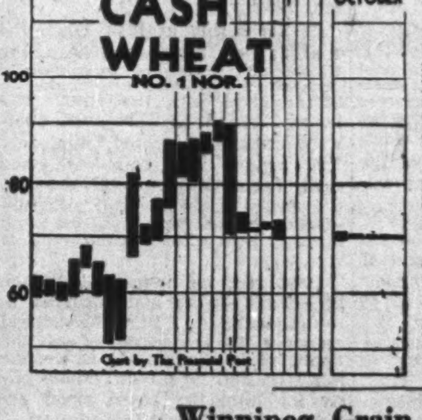
Wheat Prices



Cash Quotations

	For Week Oct. 29 High	For Week Oct. 29 Low	Prev. Week High	Prev. Week Low
Wheat:				
1 Hard	.70⅝	.70¼	.70¾	.70¼
1 Nor.	.70⅝	.70¼	.70⅝	.70¼
2 Nor.	.69¾	.69⅛	.69⅝	.68⅛
3 Nor.	.67⅝	.67	.67⅛	.66⅛
4 Nor.	.64⅝	.64	.64⅛	.63⅜
5 Wheat	.61⅝	.60⅝	.60⅝	.59⅛
6 Wheat	.57⅝	.57¼	.57⅝	.55⅛
Feed	.53⅝	.53¼	.53⅝	.51
Oats:				
2 C. W.	.35⅛	.33⅛	.34½	.33⅜
3 C. W.	.32⅛	.30	.32⅛	.30
Barley:				
1 Feed	.43	.40	.40⅝	.37⅜
2 Feed	.42	.40⅛	.40⅛	.36⅞
Flax:				
1 C. W.	1.19⅝	1.17¾	1.18½	1.17
2 C. W.	1.15⅝	1.13¾	1.14½	1.13
Rye:				
2 C. W.	.45⅝	.43¾	.44⅞	.43¾

Winnipeg Grain Futures

Week to Oct. 29, 1940

Crop year from Aug. 1, 1940 High	Low		Open Oct. 23	High for week	Low for week	Close Oct. 29	Close year ago
		Wheat					
.73⅝	.70	Oct.	.70⅝	.70⅝	.70¼	.70⅝	.69½
.74⅜	.71⅛	Dec.	.71⅝	.71⅝	.71⅛	.71⅛	.70⅝
.77⅝	.75½	May	.75⅝	.75⅞	.75½	.75⅞	.75⅝
		Oats					
.36¼	.27¾	Oct.	.34⅜	.36¼	.32½	.33	.32⅝
.32⅛	.25⅝	Dec.	.31⅛	.32⅛	.30⅛	.30⅝	.31⅛
.31¼	.26⅝	May	.30¾	.31¼	.29⅝	.30	.31⅝
		Barley					
.48	.31½	Oct.	.41⅞	.48	.41⅞	.44	.44⅝
.41⅜	.30½	Dec.	.39⅝	.41⅜	.39⅝	.40⅝	.43⅛
.41¼	.33⅜	May	.39⅞	.40⅞	.39½	.40⅛	.44⅛
		Flax					
1.34½	1.16½	Oct.	1.18¾	1.20¼	1.17½	1.17¾	1.59⅝
1.34⅛	1.15¼	Dec.	1.16	1.17¾	1.16	1.16¾	1.60½
1.39⅝	1.16	May	1.19¾	1.21¾	1.19¾	1.20¾	1.58¼
		Rye					
.48⅛	.40⅛	Oct.	.....	.48⅛	.43¾	.43¾	.38½
.47⅛	.40⅜	Dec.	.45⅝	.47⅛	.44⅝	.44⅞	.37⅝
.50⅛	.44⅛	May	.48⅝	[illegible]	.47⅛	.47⅛	.38⅝

Week in Mining

Mining Stocks Hold Up Despite Axis New Move

Prices Lower But Underlying Tone Appears Strong — Volume Proves Light Even Though Ban on Short Selling Done Away With

With Italy moving against Greece late last Sunday, the mining market this week was given perhaps its most severe testing since the collapse of France. In view of the marked advance of prices in recent weeks, issues showed a resistance to a down trend which was surprising to market watchers. The resistance was attributed chiefly to the fact that recent advances have been predicated on developments which may not have been fully reflected in stock prices.

Apparently there was no tendency "to sell the market short." With the ban on short selling lifted on both the Toronto and Montreal exchanges last week, it would have been possible for bearish elements to step into the picture but there seemed to be no indication of anything like that happening. In fact volume of trading was much lower following the Italian move.

* * *

Steel For Mines

Evidence of the importance placed on the Canadian mining industry by the authorities at Ottawa is given in the list of steel priorities published by The Post last week. Steel for Canada's mining industry, it is noted, comes only second to steel needed for shells, guns, naval vessels, military vehicles and aircraft.

Listed in category II, steel for mines is deemed just as important as steel for building additions for munitions plants. It also ranks equally as important as steel for railroads, and more important than steel for extension of railroad lines. Steel for mines is likewise considered more important than steel required by the petroleum industry or for the manufacture of agricultural machinery and equipment. There are two reasons for the mining industry's preferred position:

1—Export of gold is vital in maintaining Canada's credit in the United States.

2—Base metals are vital war materials.

* * *

Elect Officers

At a meeting of the Montreal branch of the Canadian Institute of Mining and Metallurgy held on Thursday, Oct. 24, a new slate of officers was elected for the year 1940-41. Chairman of the branch is now R. Ewart Stavert of Consolidated Mining and Smelting Co., while M. A. Thomson, of Nesbitt, Thomson & Co., becomes vice-chairman.

Members of the Executive Committee are: Professor O. N. Brown of McGill University, Gustave Rainville, of Quebec Gold Mining Corp., J. A. Lindsay, of Mining Projects of Canada, and N. A. Timmins, Jr.

Secretary-treasurer is Roy D. Hearn of British Metals Corp. with C. J. Jephcott, of Milton Hersey Co., assistant secretary.

A busy season is expected for the Montreal branch of the Canadian Institute of Mining and Metallurgy as the annual meeting for the whole Institute will be held in Montreal in March, 1941. Organization of the meeting will be almost entirely in the hands of the Montreal branch. The meeting will deal chiefly with the war effort of Canadian mines, both with relation to base and precious metals.

* * *

New Zinc Mart

Spelter, or zinc as it is more commonly known in Canada, has been becoming one of the scarce metals of the world recently. Demand has been increasing in the United States and Canadian mines which formerly found difficulty in disposing of zinc concentrates now find a ready market at rising prices.

It turns out now that Canadians have an opportunity to help the Dominion of South Africa by selling any zinc that can be spared there. Zinc is an essential metal in the extraction of gold and gold mines of the Union of South Africa have been seeing many of their normal sources of supply either cut off or partially disrupted. Belgium, the Netherlands and Poland formerly played an important part in supplying South Africa with zinc.

While Canada is already finding a market for all her present zinc output, there is little doubt output could be increased if a steady market can be secured. Sherritt Gordon Mines, for instance, has a large zinc content in its ore which could be recovered with installation of additional equipment. In eastern Canada there is a comparatively rich zinc deposit in Quebec Manitou Mines which might be brought into production.

* * *

Marks Anniversary

Completing its 25th year of continuous publication the Northern Miner last week marked the occasion with special articles of a historical nature spread through its big 152-page annual issue.

Other articles by recognized authorities on financial and fiscal subjects surveyed vital phases of Canada's war effort. The issue also devotes considerable space to such subjects as the gold outlook and the necessity of control of foreign exchange in wartime.

The Northern Miner estimates Canadian mineral production this year will exceed $500 millions, with gold production alone estimated at $205 millions.

REVEALING NATURE'S SECRETS

In spite of the effects of war, development is still proceeding at a large number of gold properties across northern Canada where production has not yet commenced.

Pictured above are a driller and his helper drilling a face preparatory to "blasting out a round" as it is known in mining parlance. Removing a round advances a drift or crosscut face about five feet. Usually one round is taken out a day.

Waite Milling 1,200 Tons

Half Mill Feed Coming From Lower "A" Ore Body, it is Stated

Milling operations at Waite Amulet Mines have now been stepped up to approximately the 1,200 tons planned earlier this year with 1,180 tons daily going to the mill, The Financial Post is informed.

Last July only 1,000 tons of ore was being treated daily, with 850 tons of ore coming from the Waite section while the lower A ore body was being prepared for mining. At that time 150 tons of A ore daily were available for milling. Now approximately half the ore being milled is being secured from the A ore body and it is anticipated that all milling requirements will be supplied from this source by next February.

Not Shipping Zinc

Grade of ore from the lower A ore body is running approximately the same grade as that from the Waite section where the higher grade parts of the ore body are being mined.

No shipments of zinc are being made at the present time. Sections of the lower A ore body mined have little zinc content. The lower A ore body generally, however, has a high zinc content, and shipments of zinc concentrates will likely be resumed at a later date. It is estimated that over a year will pass before mining is in parts of the ore body with a high zinc content.

Application of the excess profits tax to the company as an expanding producer of a necessity of war has not yet been determined and remains a matter of concern to directors. Officials anticipate, however, that there will be no discrimination against the company.

Ontario Gold Mines Set New Output Records

Production of Ontario gold mines in the first nine months of 1940 established new records for both quantity and value of output, figures issued by the Department of Mines of Ontario reveal.

Value of production for the first nine months at $90,830,330 showed an increase of 14.43% over the corresponding period of 1939. Part of the increase was due to the higher price now being received for gold but actual ounce production at 2,354,434 ounces showed a gain of 5.67%.

Mill More Ore

In setting the new records for the first nine months of this year gold mines milled 9.68% more ore, treating a total of 8,697,385 tons. A total of 65 mines contributed to the total.

Commenting on the 1940 production figures, Ontario's new Minister of Mines, the Hon. Robert Laurier, stated he was satisfied the ever-increasing activity of the gold mines would be continued until the end of the present year and that production value for the current 12 months would exceed $120 millions. This would compare with slightly less than $110 millions in 1939.

Production during September showed a slight setback in relation to August but the milling rate was increased. Statistics of daily averages show 32,131 tons milled yielding 8,334 ounces of gold and 1,732 ounces of silver valued at $321,445 for September against 32,003 tons milled, 8,760 ounces of gold and 1,444 ounces of silver recovered, valued at $337,769, in August.

Porcupine Higher

Production value of gold mines in the Porcupine area in the first nine months of 1940 was $40,642,268 from 4,192,120 tons of ore compared with $34,341,619 from 3,800,356 tons in the same period of 1939. The Kirkland Lake area showed a smaller gain, output value amounting to $29,836,331 from 2,246,192 tons of ore compared with $28,058,917 from 2,139,504 tons of ore in the 1939 period.

Mining and milling operations were commenced at Devon Gold Mines on Sept. 15. No production figures were officially received from the property nor has any estimate been included in the compilation of figures. Operations at Porcupine Lake Gold Mining Co. were suspended at the end of September.

Chesterville Pays First Dividend

An initial dividend of 5 cents a share has been declared by Chesterville Larder Lake Gold Mining Co. payable Dec. 14, 1940, to shareholders of record Nov. 25. Ex-dividend date is Nov. 22.

Production is expected to be a record for October with output the first 25 days running at a rate of $141,000 monthly. Previous record production was in May when $124,782 was recovered from 18,632 tons of ore. It is possible a lower average grade of ore was treated the last few days in October, reducing the month's output below the figure mentioned.

The company announces two new claims have been acquired to straighten out the company's boundary.

Nat. Malartic Expands Work

Opening Property at 725-ft. Level Arranged —Get New Money

Virtual doubling of underground work at the property of National Malartic Gold Mines is expected within a few weeks, following completion of arrangements with Sladen Malartic Gold Mines for an attack on the National ore bodies at the 725-ft. horizon.

Underground exploration has so far been carried out from the 350-ft. level of the Sladen workings. Diamond drilling carried out at Sladen some time ago, however, located the downward continuation of the main east ore body opened up at the 350-ft. level of Sladen where it dips into Sladen ground at its east end. Sladen has crossed over and is already drifting in the footwall of this zone at its 725-ft. horizon. It is estimated that two to three weeks will be required to drift into the National Malartic ground.

Now that Sladen Malartic has completed its big programme of crosscutting between its two shafts, the company has the air capacity and machines to speed up the National Malartic work.

Crosscut Gets Ore

With its fifth crosscut now completed through the east ore body, National Malartic has proved up over 300 ft. of continuous ore for this shoot at the 350-ft. level. Assays for both walls of the latest crosscut gave an average of $5.71 over 21.3 ft. before check assaying. The length of 300 ft., plus, in this section averages over $5 for an average width of 23 ft.

Drifting is now being carried to the west on the 350-ft. level past the crosscut through the main west ore body which returned the big ore width of 38.8 ft. of $11.84 cut grade. The drift has been turned slightly to the south and stub crosscuts will be put through this main west ore zone after further drifting has been completed. A possibility also exists that a long crosscut may be put out to test ore sections indicated by drilling in the northern part of the property but there is nothing definite on this as yet.

May Have New Body

Between the main west and east ore bodies of the south zone was a 100-ft. ore shoot as previously reported. Two drill holes have now indicated what may be another ore body to the south of this again.

As at Oct. 1, 1940, the company had $75,000 cash in the treasury with 190,000 shares under option at 50 cents a share. Quebec Gold Mining Corp. has agreed to underwrite the 190,000 at 50 cents a share so that the company is assured of a further $95,000. This with cash on hand is considered adequate for all projected development. When the underwriting is exercised there will be 3,000,000 shares issued of the authorized capital of 3,500,000 shares.

Cut Ore at Depth At East Malartic

Drill Holes Indicate Undiminished Grade and Width For Deposit

Diamond drilling carried out at East Malartic Mines during September secured further ore intersections, indicating that the company's ore body continues at depth with undiminished grade and width, the monthly progress report reveals.

A drill hole put out from the station at the 1,270-ft. level cut 40.2 ft. of ore averaging $6.06 per ton. A hole drilled south from the 1,420-ft. level station gave 40.1 ft. averaging $5.86 per ton. A similar hole from the 1,570-ft. level station returned 46.3 ft. of ore averaging $6.13 cut grade.

Completing Shaft

During the month the main No. 3 shaft was deepened a further 94 ft. and reached a total depth of 1,740.2 ft. All shaft sinking was expected to be completed on Nov. 1.

During September, development faces were advanced 221 ft. and stope development faces 816.5 ft. Broken ore reserves at the end of the month amounted to 397,780 tons. Diamond drilling consisted of 1,154 ft. completed from underground and 1,308 ft. from surface.

Production for September was slightly lower, amounting to $275,072 from 44,878 tons of ore for an average recovery of $6.13 a ton compared with output of $294,028 from 46,743 tons and an average recovery of $6.29 a ton in August.

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Week in Oils

Drilling at Peak

From Our Own Correspondent

CALGARY.—Not so very long ago in this column The Financial Post predicted a sharp upsurge in drilling activity in Turner Valley and other Alberta proved and wildcat fields, and commented that all of the rotary rigs then idle, or soon to go on the idle list with the completion of wells then drilling, would be in constant operation this winter. That prediction is working out with a vengeance.

Government moves to end the oil marketing problem, the assurance of year-round capacity production, increased oil prices, and the need of increased drilling to increase or even to maintain the productive oil potential at its existing level, have combined to bring about an increase in outlay on new drilling by oil companies and to increase the flow of new money from investors for development.

* * *

Equipment Shortage?

As a result, every suitable rotary and cable rig now in Alberta seems assured of a place on the active list this winter and, in fact, oilmen now even talk of a serious shortage of drilling equipment in the next few months unless a considerable amount of new equipment is imported.

For this reason, redoubled efforts to secure an easing of the heavy tariffs on imported drilling equipment can be expected in the immediate future.

Already the Alberta Petroleum Association is making strong representations to Ottawa for easing of the tariff on imported bits, machinery parts and replacements—a vital day by day necessity whether the number of drilling rigs is increased by import or not. Oilmen estimate that the cost of the average Turner Valley well has increased by between $10,000 and $12,000 because of added bits and parts cost resulting from the 10% imports tax recently imposed and the rise in exchange rates since the start of the war. The average cost will be even further increased if large-scale import of complete drilling rigs is made while present tariffs are in effect.

* * *

Home's New Wells

Home Oil Co. announced at the week end that locations have been selected for three more wells in the north end of Turner Valley, ensuring that rotary rigs now in use at Home Millarville Nos. 1, 5 and 6 will continue in operation through the winter months.

The new sites are as follows: L.S.D. 16 15-20-3w5, half a mile east of Anglo-Phillips; L.S.D. 9 15-19-3w5, quarter of a mile south of first mentioned site; and L.S.D. 14 33-20-3w5, quarter of a mile south of Miracle Royalties in the far north end. Work has already started on roads, water and gas lines to the new sites, but the order in which they will be drilled has not yet been announced.

* * *

Vermilata No. 2

Vermilata-Frankview No. 2 opened a new chapter in the Vermilion Field story last week when it commenced producing by heads under its own power. According to authoritative word from the field last week end, the well was yielding somewhere between 40 and 50 bbls. per day—a yield comparative to that at Battleview No. 2, quarter of a mile to the south, which is, however, producing by pump. The flowing by heads of the very heavy crude (13-14 degree gravity) indicates strong gas pressure at Vermilata 2. Interesting to note is that an effort was made on Oct. 16 to pump the Vermilata 2 well. After pumping at around 40 bbls. daily for just over 30 hours, sand intrusion clogged equipment and forced halting of the test. The well commenced flowing after the hole had been cleaned out to bottom.

* * *

12-well Programme

The Turner Valley development programme was still further increased last week when the Brown-Moyer-Brown and British American Oil groups announced a joint 10 to 12-well programme, Home Oil Co. announced three more drill sites and the Northwest Co. staked its third well on Calmont Oils property.

The Brown-British American programme calls for the drilling of 10 to 12 wells during the next 18 months. Two wells are being started immediately, while a second pair will be started in two to three months as rotary rigs are available. As these wells are completed, the heavy duty rigs will be moved to new locations. Drilling will be continued at a steady pace until the programme has been completed.

First location has been made in L.S.D. 14 13-19-3w5, on the central west flank offsetting the new producer Arrow No. 2 to the west. The second well will offset Arrow No. 2 to the north. The development programme follows acquisition of 660 acres on the central flank of Turner Valley. From what is known of the geology of this area at present, the acreage block contains 10 to 12 drill sites which may be drilled without fear of encountering the water-oil line.

United Charity Drive Works

Single Big Appeal For Funds in Vancouver Wins Favor

From Our Own Correspondent

VANCOUVER.—Organized charity co-operation, with a single big appeal for support once a year, is rolling up a huge sum for Vancouver's welfare institutions and is saving businessmen and others a recurrent headache. In other words, the city's experiment with a centralized war chest for welfare purposes has proved an effective money-raiser, and the community approves its work.

A few years ago Vancouver's businessmen were being harassed repeatedly by canvassers and tag days for various charity organizations. Regardless of the merit of the cause, the one with the most high-pressure salesmen usually got away with the bulk of subscriptions.

There seemed to be no way to dodge the charity-seekers. Stores, financial houses and industrial organizations were being coaxed into buying advertising of dubious value in the belief that they would be helping some worthwhile charitable institution.

Trouble Abated

Not only were the victims of this relentless campaign under almost constant pressure. They had a feeling that many of the appeals were little more than rackets; that some of the most deserving cases were being neglected, as a result of the drain on the community's benevolence into questionable causes disguised as legitimate charity.

This feeling of dissatisfaction led to organization of the Vancouver Welfare Federation under expert year-round management. About 40 organizations are represented, and these divide the amounts raised by annual subscription according to merit.

The annual drive for funds is usually held in October—the current campaign is for $600,000—and it is carried out by an army of volunteer canvassers and "keymen" appointed by the larger employing groups. The residential areas are usually covered by voluntary women workers. Many of the downtown districts are canvassed according to industry, business and profession.

Red Cross Helped

The Red Cross Society will be one of the larger beneficiaries of the Federation drive this year. In normal years such institutions as Children's Aid Society, Crippled Children's Hospital, Canadian Institute for the Blind, Columbia Coast Mission, Family Welfare Bureau, Vancouver Central Clothing Association, Social Agencies, Victorian Order of Nurses, Y. M. C. A. and Y. W. C. A. are among the principal beneficiaries, but almost every organized charity which fulfills an important community service is included.

This year's campaign leader is General A. D. McRae, assisted by a group of bankers, industrialists, businessmen and social service workers.

Dissension Within CBC Due For Public Airing

From Our Own Correspondent

OTTAWA.—Acute differences of opinion among the governors of the CBC are almost certain to be aired in public during the coming session of Parliament.

Gladstone Murray, CBC general manager, appears to be the storm centre. As the attack develops it will become increasingly plain that the critics aim chiefly at a change in management.

The dispute, which erupted into the daily press last week, has been going on for the better part of two years. Undoubtedly it would have been aired publicly long ago had it not been for the outbreak of war.

The resignation of Alan Plaunt from the Board of Governors, and Mr. Plaunt's letter to Hon. C. D. Howe, the Minister in charge of radio, seem bound to bring on an investigation, probably by a special committee of the House of Commons.

Governors vs. Manager

The story back of these developments is one of conflict between some of the governors (though not a majority) and Mr. Murray. The conflict concerned the administration of the CBC and the policies of Mr. Murray.

In the spring of 1939, when the conflict first came to a head, the Board of Governors unanimously authorized Mr. Plaunt to make an investigation into the CBC. The board hired J. C. Thompson, chartered accountant, to help him.

A report was completed and ready for submission about the time war broke out. Indeed, it was submitted to the board at the first meeting held after the outbreak of war.

Meantime, an important though unofficial change had occurred in the status of the CBC. The general manager is an employee of the Board of Governors. Mr. Howe, the Minister, had no direct responsibility for him; the board stood between the CBC and the minister.

But with the war ministerial control became more direct. The board of governors became, and has continued to be, less active in day to day control of policy.

The Plaunt-Thompson report has never been made public. There has never been a word said about it by anyone in authority. Mr. Plaunt now says, in his letter to Mr. Howe, that the report discloses "serious defects." He says further that, "as a public trustee, I should not continue to accept responsibility for the internal organization and executive direction of the Corporation when I have long ceased to have confidence in it."

Mr. Plaunt goes farther. He says it is his "considered view" that the corporation is seriously hampered in doing its job now and that its survival as an "effective instrument" is prejudiced.

The reason for Mr. Plaunt's resignation is that the report, duly filed with the board, has not been acted upon. It has been pigeon-holed.

The next step will be to try and have the report made public. A motion to this effect, it is learned, will be made early in the new session and thereafter will come the demand for a full investigation.

Commodities

Lacking any definite urge of consumer or speculative buying, commodity prices have turned irregular. Silk was slightly easier, reflecting an apparent easing in the tension in the Orient. Rubber which previously had been showing a firm tone was unchanged as also was coffee.

Of the four weekly spot indices three were higher and one lower. Dow Jones index of future commodity price was fractionally down.

COMMODITY PRICES

	Latest week	Previous week	Same week last yr.
Cattle	$8.25	$8.35	$7.60
Hogs	12.00	12.00	11.65
Copper, lb.	.12	.12	.13
Cotton, lb.	.0979	.0977	.0954
Rubber, lb.	.2038	.2038	.2005
Sugar, raw, lb.	.0285	.0278	.0310
Silk, lb.	2.63½	2.82	3.42
Wheat, Man. (bu.)	.70⅜	.70¼	.70¼
Coffee, lb.	.05⅛	.05⅛	.05¼
Hides	.14	.14	.15
Weekly Indices			
Canada (D.B.S.)	83.3	83.1	79.0
Do., Wood, Gundy	66.8	66.6	65.5
U. S. Labor	78.4	78.1	79.4
Dow Jones (future)	55.10	55.41	55.33
Fishers'	83.3	83.4	83.7
Monthly Indices			
Canada (D.B.S.):			
Retail (Sept.)*	106.4	105.9	100.8
W'sale (Aug.)	82.7	82.4	72.3
U. S. (Aug.)	77.4	77.7	75.0
Gt. Brit. (June)	134.6	133.7	98.1

Note: The base of indices is that 1926 equals 100. The British index is Board of Trade converted to 1930 base. *Base 1935-39—100.

Base of price quotations is as follows: Cattle — Steers, good, over 1,050 lb., top price, Toronto. Copper-electrolytic, New York. Silk—Crack db., 13-15 New York. Sugar — 96 degrees centrifugal c/f New York. Wheat—No. 1 Man. North., Ft. W.-Pt. A. basis. Hides—No. 1 packer light.

Noorduyn Ends Financing Deal

Underwriting Agreement Wound Up With $318,900 of Notes Sold

From Our Own Correspondent

MONTREAL.—Noorduyn Aviation Ltd. agreement with its bankers for the underwriting of $500,000 of 5½% convertible notes was terminated toward the end of last August. At present $318,900 of the notes are issued and outstanding. Upon termination of agreement 3,622 shares of escrow stock were returned to the company.

Steady progress is being made by the company in its plans to get production under way. Full production of "Harvard" planes is expected to begin next month.

The company expects to vacate the St. Laurent plant during November and take over an adjacent property owned by Dominion Government. In addition the Government is building for the company's use a hangar and a dope room.

Canada Wire Dividend On Class B a Record

Declaration of a dividend of 50 cents a share on the class B stock of Canada Wire & Cable Co. brings 1940 payments on this stock to record level of $1.25 a share. The current payment is to be made Dec. 15 to shareholders of record Nov. 30.

Increased scale of dividend payments is in line with much higher earnings for Canada Wire. In the first six months of 1940 estimated net profit of $380,000 compared with $154,838 for the corresponding period of 1939. Dividends on the class B stock were resumed in 1939 with two 25-cent payments after being interrupted since 1931.

Ontario Steel Products Declares Dividend

A dividend of 25 cents a share is declared on the common stock of Ontario Steel Products Co., payable Nov. 15, 1940, to shareholders on record Nov. 4. Last previous payment was 75 cents a share on Aug. 15 of this year.

The company paid 60 cents a share for the year ended June 30, 1940, and the current payment brings dividends for this year to $1 a share on the common, well ahead of the total for any recent year.

CAPITAL TRUST MOVES

The Capital Trust Co. has moved its Toronto office to larger quarters to take care of expanding business.

It has been located in the Concourse Building for the past 10 years, but will now occupy the entire ground floor at 21 Richmond St., West.

McKenzie R. Lake Output Higher

About 500 Feet of New Ore Indicated By Drifting During Quarter

An increase in production is reported by McKenzie Red Lake Gold Mines for the third quarter of 1940. Output for the three months totalled $259,612 from 19,739 tons of ore milled for an average recovery of $13.15 a ton, compared with $231,159 produced from 18,453 tons and average recovery of $12.53 a ton the preceding quarter.

About 500 ft. of new ore was indicated by drifting in the September quarter, it is stated. About 20% of this ore was in the new northeast section of the mine on the 650-ft. level and the balance on the 1,050 and 1,250-ft. levels in hangingwall structure on the main shear. Development headings are being advanced on the 650, 850 and 1,050-ft. levels in the northeast mine section.

Work is proceeding on the 950-ft. level to prove continuity of ore proved earlier on the 850-ft. level. Extension of this ore to the lower horizon has already been indicated by diamond drilling.

Production was expected at McMarmac Red Lake Gold Mines in October, power for operations being supplied by the Ontario Hydro-Electric Power Commission. During the period of mill construction the shaft was completed to the 450-ft. horizon.

Canadian Vickers Ltd. Strike Short-Lived

From Our Own Correspondent

MONTREAL.—Some 300 employees of Canadian Vickers Ltd. returned to work the beginning of this week after a three-day strike, following a promise that negotiations will be undertaken shortly to reach a settlement between the men and the company.

The union conducting the strike was formed a few weeks ago in the Canadian Vickers plant. It is known as the Independent Industrial Union of Shipyard Workers. It has no connection with organized labor bodies in Montreal and leaders of the latter have denounced the action of striking in a war order plant.

Spokesman of the Dominion Department of Labor said conferences had been held with officials of the new union and they had been told that they should return to work before talking about union recognition or any other grievance. It had been pointed out to them that strikes in war industries could not be tolerated.

ST. MAURICE POWER CORP. LTD.

From Our Own Correspondent

MONTREAL.—St. Maurice Power Corp. Ltd. has applied to the Secretary of State for leave to surrender its charter.

This application does not refer to St. Maurice Power Corp., a company incorporated under Quebec Companies Act, but to its predecessor.

Texas-Canadian Sells Its Victory Lease

Sale of its James Victory lease in Upshur county, East Texas, is announced by Texas-Canadian Oil Corp. Sale price of the lease, which had 17 producing wells, was $425,000 of which $300,000 was cash with the balance in 5% notes.

Proceeds of the sale of the lease have been used by the company to reduce bank indebtedness. Gross income and sales from the property while owned and operated by Texas-Canadian Oil Corp. amounted to $431,944, and after deducting operating expenses and cost of drilling two additional wells, a profit of $308,415 was derived.

Acme Gas & Oil Starts 2nd Vermilion Well

Drilling of a second well in the Vermilion field has been started by Acme Gas & Oil Co. The well is located on L.S.D. 6, section 20-50-5w4, adjacent to the No. 1 well.

The company's No. 1 well, on L.S.D. 5, section 20-50-5w4, was completed to a depth of 1,834 ft. and brought into production a week ago with an initial flow of about 10 million cubic feet of gas a day. The well has been brought under control but it is too early as yet to make any accurate estimate of its possibilities.

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Holding Company Assets Swell

Stronger Market and New Mine Developments Add to Attraction

By GORDON M. GRANT
Staff Writer, The Financial Post

Renewed market activity may soon spark an important new development—more extensive mine financing by holding companies whose activities have been largely curtailed since outbreak of war.

When share markets lag and prices decline, companies in the business of mine financing no longer can secure public support for the big money job of developing new mines to the production stage. They just rest on their oars.

But the present situation offers considerable encouragement to the financing and holding company in at least two ways. With higher share prices there is now more point to holding companies sponsoring new ventures; in fact, chances of getting the public to participate in new enterprises is vastly improved. Higher share prices generally also mean more valuable investment portfolios; the holding company can "cash in" on its holdings to finance new enterprises to much greater advantage.

A Changed Situation

The present situation is certainly greatly different from a few months ago when an executive of one large holding company gave his opinion to The Financial Post as follows:

"Why should we participate in new undertakings now; there is no incentive. If we did go into something new and it turned out successfully, chances are the company's shares would still be selling at 'prospect' levels. We would rather hold our present shares for dividend returns since we feel the shares we have are potentially valuable even though they are now selling at what we feel are give-away prices."

Progress May Be Slow

That is hardly the situation now. Executives and the general public are gradually taking confidence again as the market shows continued recuperative powers. Even with the market coming back on the better issues, however, it still takes time for speculative money to make its appearance. It is the kind of thing, however, that may gain momentum once it starts.

If the market is any indication, conditions are not just better, but much better. Below are listed issues which made lows around the time France was collapsing and which have since doubled in price. Many of them have made further market progress since then.

Company:	Low $	Date of Low	Date Price Doubled
Chesterville	0.41	May 28	Aug. 21
Kerr-Addison	1.20	June 11	Aug. 22
Francoeur	0.19	June 19	Aug. 26
Broulan Porc.	0.28	June 4	Aug. 27
Madsen R. Lake	0.20	June 19	Aug. 27
MacL.-Cockshutt	1.00	June 26	Aug. 31
Wendigo, old stk.	0.06	June 14	Sept. 4
Malartic G. Fields	0.54	June 18	Sept. 5
Sladen Malartic	0.22½	June 14	Sept. 5
Naybob	0.12	July 4	Sept. 6
Aunor	0.90	June 17	Sept. 24
Upper Canada	0.54	June 14	Oct. 7
Cochenour Wil'ns	0.35	May 28	Oct. 16
Preston E. Dome	1.38	June 27	Oct. 19

The junior golds have been most active in the market revival. The senior golds neither fell so low at the time of France's collapse nor have shown as great a rise since.

On the average, holding company shares have shown considerably less appreciation on the market than junior golds. Holding companies do not hold shares of junior golds exclusively so this is understandable. Then, too, higher portfolio values do not necessarily mean higher dividend income. However, shares of at least four holdings companies have doubled in value since their May-June lows. These are Mining Corp. of Canada, Northern Canada Mines, Oro Plata and Towagamac Exploration.

Value Discounted

As pointed out by The Post on several occasions, the value of mining holding companies' shares has been heavily discounted over the last decade; in 1929, people were willing to pay a premium to secure the advantage of skilled management. In recent markets, however, holding companies' shares have been selling at close to 50% of "break-up" value in terms of cash and market value of securities held. Two or three years before it was two thirds of this valuation. Whether shares of the companies will be given a higher valuation again as markets revive and holding companies become more active remains to be seen.

* * *

General factors affecting individual holding companies are summarized below:

Anglo-Huronian

Earnings of Anglo-Huronian the last two years have shown improvement not through any return of old-time speculative profits but through dividends received from producing companies in which shares are held. This dividend income has shown a steady increase for the last seven years. It amounted to $141,289 in the 1938 fiscal year; to $158,731 in 1939, and reached a new high in the fiscal year just ended at $222,667. Net earnings were 12 cents a share in the year ended July 31, 1940, compared with 14 cents a share the previous year; a loss equal to 13 cents a share was experienced in the year preceding that again.

In spite of the drastic decline in the value of mining securities in the first six months of 1940, market value of Anglo-Huronian holdings was down only around $900,000 at $4,570,400 at July 31, 1940, from the figure a year before. Break-up value was estimated at $3.47 a share on July 31; it may be considerably higher now.

Ventures Ltd.

Curtailment of dividends by Falconbridge Nickel Mines was naturally a severe blow to Ventures Ltd., which had been receiving practically $400,000 annually from this source. Through Sudbury Basin Mines, which Ventures controls, a further equity was enjoyed in Falconbridge Nickel dividends. With Falconbridge matte now going to International Nickel at Copper Cliff for refining, it appears that Falconbridge may soon re-establish part of its old earning power.

While Ventures has lost one source of income, it appears an important new mine will soon be paying substantial dividends to the Ventures treasury shortly. This is La Luz Mines. Ventures holds over a 50% interest in the project directly, and has a further interest through Sudbury Basin Mines. In the June quarter, La Luz realized a net profit of $225,000. As mill capacity is being increased from 500 to 800 tons daily, a further increase in profits appears likely. With the project turning out, according to advance notices, dividends received from this source by Ventures may be as great as those formerly received from Falconbridge. Unlike most gold mining companies, ore reserves outlined are now sufficient for many years operations without discovering further ore.

Besides its La Luz project, Ventures has a substantial interest in Hoyle Gold Mines which is now erecting a 400-500-ton mill on its property. This may eventually prove to be an important interest.

Mining Corp.

A doubling of the market value of Mining Corp. shares recently appears to reflect the success being met with at Jerome Gold Mines which is scheduled to come into production at 500 tons daily next year. Mining Corp. has a large vendor interest in Jerome Gold Mines—the corporation's prospectors staked the property—and is also participating in the financing of the company in conjunction with Hollinger Consolidated.

Outside of its holdings of over one million shares of Jerome Gold Mines, Mining Corp. has many other assets. The most important is 81,287 shares of Hudson Bay Mining and Smelting Co. worth $2 millions—or over $1 a share for each Mining Corp. share issued. The company has also a potentially important asset in its 2,486,665 shares of Normetal Mining Corp. Ashley Gold Mining Corp., which Mining Corp. controls, also was the holder of 259,563 shares in Jerome Gold Mines at the end of 1939 which was additional to Mining Corp.'s direct holdings.

Northern Canada

A relatively small holding company, Northern Canada Mines has been attracting considerable attention recently following discovery of gold by the company's prospectors at Savant Lake, 60 miles from Sioux Lookout, Ontario. The company also holds a 30% interest in Cyril Knight Prospecting Co. which holds adjoining ground.

Northern Canada Mines has the relatively small issued capital of one million shares. In its investment portfolio are over 500,000 shares of Kirkland Lake Gold Mining Co. which provide the company with steady income. Shares are also held in many other enterprises.

Transcontinental Resources

An important holding company formed comparatively recently, Transcontinental Resources, acquired all the assets of Oro Plata and another private company. Among its assets are 375,000 shares of Steep Rock Iron Mines, a 30% interest in a company with large timber reserves and large miscellaneous shareholdings in companies such as MacLeod Cockshutt Gold Mines, Manikuru Goldfields and Brown Oil Corp.

Outside of Canada it holds a large interest in Bonneville Ltd. which is recovering potash from brine underlying the salt flats at Bonneville, Utah. With one of the most diversified investment portfolios of any company in Canada, the company anticipates an increasing income from its investments to service a $600,000 bond issue.

Castle Trethewey

While the company's shares are not actively traded on the stock market, Castle Trethewey Mines has had some success as a holding company since its silver mining days in the Cobalt area. Securities carried at $769,739 as at March 31, 1940, had a market value of $2,261,264. Taking securities at market value, net working capital was close to $1 a share at that time. This did not include $400,000 of non-interest bearing advances to Omega Gold Mines nor 2,460,000 Omega shares held.

Towagamac Exploration

As Towagamac Exploration Co. is not active in the search for new properties at this time, chief interest in the company centres in its holdings. Any improvement in the position of Aldermac Copper Corp. would be of great importance to Towagamac as the company holds over one million shares in the company. In addition to Aldermac holdings, the company has 596,580 shares of Francoeur Gold Mines which is reported to be approaching the dividend stage. A total of 487,826 shares is also held in Lake Geneva Mining Co., but this company is not operating at present.

Mining Concentrates

Arntfield Gold Mines announces in a letter to shareholders that milling of ore from Senator-Rouyn for at least six months and possibly for 15 months will provide sufficient revenue "to finance quite a large campaign of exploration and development at the Arntfield, and the campaign has already been started." One diamond drill is already at work drilling holes down and laterally from the 600-ft. level, No. 2 shaft, and a second machine will soon be drilling from surface to pick up the No. 1 Francoeur ore zone.

* * *

Base Metals Mining Corp. is making preparations toward opening its Kicking Horse mine where a considerable tonnage of ore is stated to be available for treatment. At the same time higher metal prices will allow extraction of a fair tonnage of what was formerly marginal ore in the Monarch mine. It is expected the known ore will keep the mill in production through the winter.

* * *

Canadian Malartic Gold Mines has declared a dividend of two cents a share payable Dec. 17 to shareholders of record Nov. 28, subject to approval of the Foreign Exchange Control Board.

* * *

Central Manitoba Mines was active in the prospecting field in the year ended Aug. 31, 1940, and approximately 200 claims have been staked in the Bird River area in association with others. Showings of a tin mineral have been located at several points but none of commercial importance so far. Diamond drilling was done on two optioned properties near the company's original Wadhope property but results were disappointing and the options were relinquished. Balance sheet as at Aug. 31, 1940, shows total current assets of $124,372, including $89,811 cash and $44,000 of Dominion Government bonds. Current liabilities were $274, leaving working capital of $124,098.

* * *

Hydro-Carbons Ltd. plans to carry on an extensive development programme on the former Capmac property in the south Yellowknife area which adjoins Ptarmigan Mines. According to a report by W. B. Airth on Capmac, the Ptarmigan ore zone extends across the property for approximately one mile.

* * *

Howe Sound Co. realized a net profit of 91 cents a share in the three months ended Sept. 30, 1940, bringing earnings for the first nine months of the year to $2.95 a share. No lead was produced in the third quarter, production for the year remaining at 16,474,800 pounds. Copper production in the third quarter totalled 15,247,525 pounds, bringing the nine months total to 44,883,642 pounds. Gold production was 20,074 ounces in the third quarter, bringing output to 53,513 ounces for nine months. Silver production the third quarter was 667,044 ounces, bringing output to 2,425,006 ounces.

* * *

International Mining Corp. reports net asset value of 491,073 shares outstanding in hands of the public as at Sept. 30, 1940, at approximately $9.30 per share after providing for all estimated taxes and deducting reserve of $735,596 for mining venture losses. Normal federal U.S. income tax is allowed for but not excess profits tax. From Jan. 1 to Sept. 30, 1940, 25,900 shares were reacquired at a cost of $134,662. Since Sept. 30, 500 additional shares have been reacquired at a cost of $2,014. It was considered advisable to make a further reserve of $300,000 for mining venture losses by a charge against investment transactions account which resulted in a loss of $377,654 in that account at Sept. 30, 1940.

* * *

Matachewan Consolidated Mines has declared an initial dividend of two cents a share payable Nov. 30, 1940, to shareholders of record Nov. 11. A total of $68,600 will be distributed as the company has 3,430,000 shares outstanding.

* * *

Mobirk Beryllium Mining has acquired five properties in Manitoba which are stated to have beryl in pegmatite dykes. On the main showing, previous operators put down a shaft to a depth of 110 ft. Mining by open pit methods is expected with a treatment plant planned in Winnipeg. Erection of a treatment plant would cost $75,000, it is estimated.

* * *

Noranda Mines has declared its quarterly dividend of $1 a share payable Dec. 16, 1940, to shareholders of record Nov. 25.

* * *

Normetal Mining Corp. has been operating at full capacity and shipments of copper concentrates have been made regularly. Stock pile of zinc concentrates as well as current production have been shipped. A new contract for zinc concentrates as from Dec. 1 has been concluded which provides for the regular shipment of current production to the end of 1941. Net return to the company on this production will be much higher than formerly, it is stated.

* * *

Siscoe Gold Mines announces its quarterly dividend of 2½ cents per share will be paid Dec. 16 to shareholders of record Nov. 16, instead of Nov. 30, as previously reported. Stocks will sell ex-dividend on the Toronto Stock Exchange on Nov. 14.

* * *

Upper Canada Mines has declared a dividend of three cents a share, payable Nov. 30 to shareholders of record Nov. 15.

* * *

Ventures Ltd. has declared a dividend of 10 cents a share payable Dec. 21, 1940, to shareholders of record Nov. 29, subject to approval of the Foreign Exchange Control Board. A dividend of five cents a share was paid earlier this year.

Mining Enquiries

Falconbridge Nickel

How is Falconbridge Nickel Mines making out at the present time? What appear to be the important factors in the present situation?

While Falconbridge Nickel Mines is now shipping its matte to the International Nickel refinery at Copper Cliff, the company has not been able to restore its earnings. This is due to two reasons. First of all, the company is only producing at two thirds of the rate in effect when shipments were being made to the refinery in Norway and, secondly, it takes time to build up new inventories and to receive returns from sales.

Due to the war, the company is going through a severe period of readjustment. However, it must not be overlooked that sufficient money is in the company's treasury to construct the company's own refinery if this is desired. Officials do not expect to take any action in this direction until after the war as the company's agreement with International Nickel covers treatment of matte as long as the war lasts.

It is perhaps natural that sales should be slow at the present time since most of the company's previous production was sold in Europe. With this market largely cut off, new outlets must be found and this requires time. However, war has brought a new demand for a large nickel production.

Consolidated Smelters

Do you think earnings of Consolidated Mining & Smelting Co. will show an increase for 1940? Any ideas you have on this subject will be appreciated.

Earnings of Consolidated Mining & Smelting Co. in 1940 are rather difficult to gauge, particularly as the company does not publish interim earnings statements. If dividend payments were any criterion, it might seem that earnings have been higher for an extra dividend of 50 cents a share was paid last July without any corresponding payment in 1939. However, an extra dividend of $1 a share was paid last December.

There appears little doubt that metal production this year has been running much higher than in 1939. Last year lead production was being restricted due to the lead cartel, but there has been no corresponding curtailment this year. Capacity has even been extended somewhat in certain departments to allow a still larger metal output. Higher metal production will in all probability mean higher working profits but the excess profits tax may remove a large part if not all of the increase. In 1939 the company realized a considerable profit on liquidation of metal inventories and that will not be repeated this year.

Increased metal production by Consolidated Smelters may not mean a proportionate rise in costs in spite of the war. From this viewpoint, earnings may compare favorably with last year. The extent of the gain in metal output will play the important role in determining the amount of any gain in profits in 1940. No figures on metal production are now being issued due to wartime restrictions, so this does not give any guide to the increase in profits.

Homestead Oil

What is the outlook for Homestead Oil and Gas at the present time? Please give me some details on its present position.

The outlook for Homestead Oil & Gas Co. is not at all bright at the present time. During 1939, the company acquired acreage in the Illinois fields and drilling of a first well was carried to a depth of 1,700 ft. Canadian regulations in respect to foreign exchange have prevented the transfer of further funds from Canada to complete the project and the well is at present idle.

It may prove possible to interest people in the United States in completing the well, but there has been no indication of anything like that so far. The company has other interests in the United States besides Illinois holdings but it is not believed that revenue is sufficient to carry the Illinois well to completion. Even if exchange regulations were to be changed so the company could send funds to United States, it might not be possible to complete the Illinois well at this time.

The company's option agreement, by which finances were being provided, was cancelled a little over two months ago.

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—Blank-Stoller photo.

HEADS MINING SOCIETY

R. E. Stavert, of Consolidated Mining and Smelting Co. of Canada, who has been elected chairman of the Montreal branch of the Canadian Institute of Mining and Metallurgy.

Stadacona Rouyn Shaft Underway

Completion to Objective Expected About Middle of December

Completion of the shaft sinking programme of Stadacona Rouyn Mines, started on Sept. 1, is now expected about the middle of December, according to a progress report just issued by George Duclos, liquidator.

A vertical depth of 360 ft. is involved in the shaft-sinking programme and it is stated a record low cost of $54 a foot has been maintained for this work. Stations are being established at the 1,425, 1,575 and 1,725-ft. horizons. Development on the 1,275-ft. level is progressing rapidly, it is stated.

Ore Reserves Increase

Estimated reserves are stated to have increased from 149,438 tons as at Dec. 31, 1939, to 260,457 tons as at Aug. 31, 1940. No estimate is given of average ore grade.

Operating profit from Jan. 1 to Aug. 31, 1940, amounted to $108,654 with production for the period totalling $507,435 from 107,036 tons of ore.

Several new items of equipment have been installed in the mill, including an automatic Hardinge fan feeder and an additional agitator. These changes have been effected to ensure maximum conservation of the property, Mr. Duclos reports. Mr. Duclos also states: "Operating results obtained by Horace Young, Jr., since taking over the management early in May of this year have been encouraging and point to a more promising future for the property."

Duquesne Plans Shaft Sinking

Sinking of a three-compartment shaft to a depth of 500 ft. is planned by Duquesne Mining Co., following completion of new financing with interests in the United States.

The shaft will be located to allow investigation of the two major showings indicated in diamond drilling the Del Rio B-1 and Del Rio B-2 ore zones. The first zone was indicated for a length of 350 ft. while the second had an indicated length of 750 ft. The two zones are separated by a distance of 250 ft.

A total of 100,000 shares have been underwritten at 4 cents a share with $2,500 paid; the balance is payable by Nov. 21. Options have been granted on a total of 1,350,000 shares at prices ranging from 5 to 16 cents a share.

Profits At Jason Cut Into Debt

Operating Profits Total $110,735 in Initial Producing Quarter

Operating profits of $110,735 realized by Jason Mines in the initial three months of production ended Sept. 30, 1940, have made a substantial improvement in the company's working capital position.

With production amounting to $205,163 from 11,190 tons of ore for the period, an average recovery of $18.10 was obtained. Operating costs were $8.20 a ton or somewhat lower than had been anticipated before production was commenced.

Financial Position

As at Sept. 30, 1940, current assets totalled $115,521, including $45,000 cash, $31,496 in bullion and $38,449 of supplies. Current liabilities, chiefly for equipment and supplies, totalled $33,124, leaving $82,357 working capital.

The $185,000 mortgage to Argosy creditors had been reduced to $142,000 by Sept. 30. Since then arrangements have been made with the bank to pay off Argosy creditors wherever possible without mortgage interest. All but approximately $68,000 of claims have been met in this way. Since the end of September the position of the company has been further improved by $32,000 of production the first half of October, half of which represents operating profit.

Increase Mill Rate

Changes are now being made in the mill which are expected to bring capacity up to 150 tons daily from the present rate of 125 tons. This is being done not through installation of additional equipment but through a rearrangement of present equipment, it is stated.

Drifting at the fourth level of No. 1 shaft is reported to have opened up 375 ft. of ore which averages $38.80 per ton cut value across an average width of 18 inches with the north face continuing in ore.

Savant Lake Discoveries Extend Over Wide Area

Recent surface prospecting in the Savant Lake area has resulted in numerous new discoveries, The Financial Post is informed. So far Northern Canada Mines appears to have a corner on the discoveries—the company's prospectors were the first in the area—but there are unconfirmed reports of finds being made by others.

Discoveries of gold have now been made on each of the four groups held by Northern Canada in the Savant Lake area with discoveries extending over a distance of six miles from the extreme northwest to southeast. Altogether the company has 59 claims in its four groups, or possibly four square miles of property.

Cyril Knight Close In

While Northern Canada has made possibly all the discoveries so far, one of these discoveries lies on the company's main group close to the border with the Macfarlane group of Cyril Knight Prospecting Co. adjoining to the southwest. A large group of men is now at work on this property with men taken off the Cyril Knight northwest group to allow concentration of effort in this section.

To date no accurate picture of Northern Canada possibilities has been secured. Widespread nature of the discoveries, however, makes officials hopeful that one or more discoveries will develop into mines. Present plans call for getting in just as much surface exploration, mapping and plotting of finds as possible before freeze-up. Four trenches were put down on the original showing but there was difficulty with these trenches due to bad ground and an accurate picture of conditions was not obtained.

With information tabulated and mapped, officials plan to plot out a programme of work for this winter which will consist chiefly of diamond drilling. Actual drilling may not get under way until the end of January, however, depending on how early the freeze-up is, and the length of time it takes to get ice on Savant Lake thick enough to bear weight of drilling equipment.

One of the remarkable features of discoveries is the way they occur with different characteristics. In some places there appear to be possibilities of opening up large tonnages of ore while in other places, it appears that narrower widths of high grade are more probable.

Northern Canada officials consider it too early to make any definite statement on future plans but if discoveries stand up, it is believed likely that at least the best discovery will be retained for direct development. Separate companies then might be formed to operate other discoveries.

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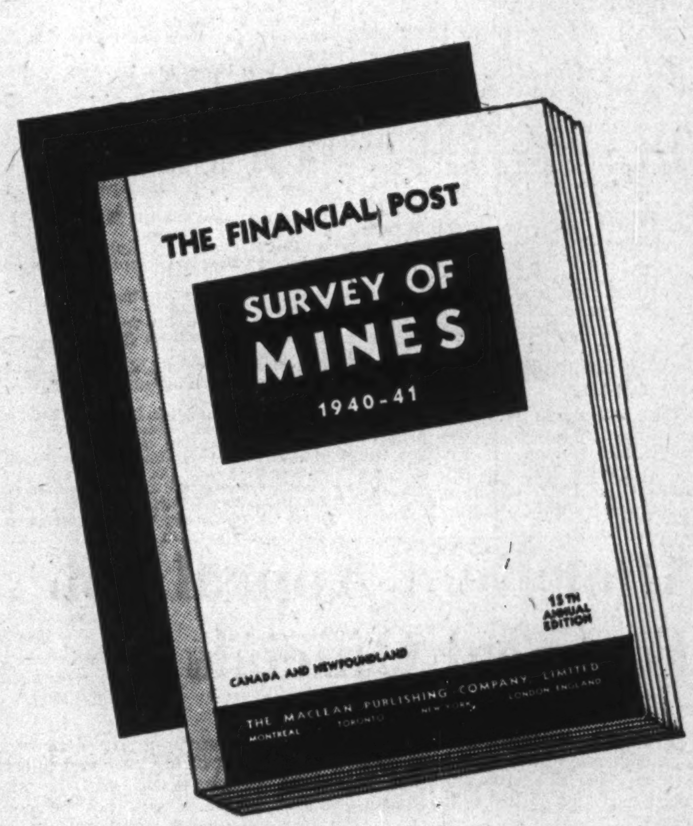

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CHARTERED ACCOUNTANTS

TAXATION and the NATURAL BUSINESS YEAR

One section of the *Income War Tax Act* amendments of 1940 and of *the Excess Profits Tax Act, 1940* worthy of commendation is that which gives due consideration to companies whose fiscal periods are based on their natural business year instead of on the calendar year. That section now meets the long repeated objection of corporations regarding retroactive taxation by providing that the changes in the rates of tax "shall apply to that proportion of the income of such fiscal period which the number of days of the said fiscal period in the year 1940 bears to the total number of days of such fiscal period."

The natural business year is a period which is becoming more widely recognized as a basis of accounting. What are some of the advantages to be derived from its adoption as the fiscal year? A company can conduct its annual stocktaking, close its accounts, prepare its financial statements, obtain its annual audit, analyze its past operations and formulate its plans for the future at that time of year when its activities are at their lowest ebb. The financial statements will reflect the results of a complete cycle of operations. The management can determine its administrative policies on a sounder basis, and the auditors can render more effectively the service of constructive counsel.

Chartered accountants have long recognized the value of the natural business year as an aid to greater business efficiency. They have encouraged its adoption and are prepared to co-operate in any way possible in facilitating its general use.

One of a series of brief discussions of the work of the professional accountant.

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U.K. Securities Repatriation Broadened

New Transfer By British Includes Industrial Bonds and Stocks

Canada and Great Britain have initiated the second stage of repatriation of British-held Canadian securities.

Finance Minister J. L. Ilsley has announced that United Kingdom holdings in a long list of Canadian industrial bonds and stocks, provincial and municipal bonds, and Dominion-guaranteed rail issues have been taken over by the British Treasury for distribution in Canada.

Former steps in repatriation of Canadian securities had been confined to Government bonds of which two issues, involving about $137 millions, have already been redeemed by Canada.

Public Participates

Now the general public is to be called upon to purchase many stocks and bonds formerly held in the United Kingdom. It is stated that regular investment channels will be utilized and orderly marketing stressed. This will probably mean that the regular machinery of the Canadian stock and bond markets will be used to distribute to Canadian investors these holdings.

Methods to be used might follow closely those which the British have been using in the United States where this repatriation movement started some months ago. It is significant that sales in Canada are to be under the general direction of T. J. Carley Gifford who has been supervising a similar deal in New York. He will be assisted in Canada by C. L. Stewart, who will open a Canadian office.

In the United States sale of British holdings of U.S. stocks and bonds has not been pressed. Prior to the stock market break of last May, sales were completed rapidly but the British authorities have so far shown little disposition to press sales at the much lower prices now prevailing.

List is High Class

How much money is involved in the securities taken over by the British this time cannot be estimated and officials carefully refrain from any statements. Generally, however, the list includes many of the highest class of investments available in Canada. It notably omits such securities which are widely held in Great Britain as C.P.R. and Brazilian Traction.

Noted among the list is Robert Simpson Co. 6% preferred. As a result of an offer of $135 a share for this stock last year, all but 7% of the outstanding amount is held by Simpsons Ltd. Andian National Corp. shares are included and International Petroleum Co. holds about 95% of this issue.

British American Oil shares are included. This company sold 150,000 shares in Great Britain in 1938 and at the last annual meeting, it was announced that 7.07% of the company's 2,772,647 common shares were held in the United Kingdom. This would make about 193,000 shares. Apparently repatriation of B.A. Oil stock has been going on quietly since then as A. L. Ellsworth, president, states that only about 50,000 shares will be involved, based on company records as at Sept. 30.

Bell Telephone Co. of Canada shares are included in the vesting order. This company reported 91.6% of its outstanding stock held in Canada and by American Telephone & Telegraph Co. at the end of 1939, leaving only 8.4% or about 67,138 shares. Of this, it is quite possible that United Kingdom investors held a substantial portion.

Of the 7% preferred of Canadian Industries, the majority is held in Canada. Imperial Chemical Industries of Great Britain holds an important minority block of C.I.L. common but this issue is not taken over this time.

The complete list of Canadian securities involved in the present transaction follows: It includes the Grand Trunk Railway 4% sterling bonds, due 1962, which are being redeemed by the Canadian National Railways through a 3% loan from the Dominion treasury.

Bonds

Dominion guaranteed issues:

Canadian National Railways 4½%, 1951.
C.N.R. 4½%, 1956.
C.N.R. 4½%, 1957.
Canadian National (West Indies) Steamships Ltd., 5%, 1955.
Grand Trunk Pacific Railway 3%, 1962.
Grand Trunk Pacific Railway 4%, 1962.

Other bonds:

Bell Telephone Co. of Canada 5% series B, 1957.
British Columbia Power Corp., 4¼% series A, 1960.
Calgary Power Co. 5%, 1960.
Canada Cement Co. 4¼% series A, 1951.
Canada Northern Power Corp. 5% series A, 1953.
Canadian Breweries Ltd. (Brewing Corp. of Canada) 5½% series A, 1946.
Canadian International Investment Trust 5% series A, 1959.
Canadian International Paper Co. 6%, 1949.
Dominion Scottish Investments, Ltd., 4% series A, 1952.
Dominion Scottish Investments Ltd. 4% series B, 1952.
Dominion Steel and Coal Corp. 6¼%, 1955.
Dominion Tar and Chemical Co. 4½% series A, 1951.
City of Fort William 4½%, 1947.
Gatinueau Power Co. 5%, 1949.
Gatineau Power Co. 3¾% series A, 1969.
Gatineau Power Co. 3¾% series B, 1969.
Great Lakes Power Co. Ltd. 4¼% series A, 1956.
Howard Smith Paper Mills Ltd. 4¼% series A, 1951.
Hydro-Electric Bond and Share Corp. 5% series A, 1957.
Hydro-Electric Power Commission of Ontario 4%, 1957.
International Power Co. 6½%, 1957.
International Power Co. 6%, 1955.
McColl-Frontenac Oil Co., 4¼% series A, 1949.
Mersey Paper Co. 5% series A, 1957.
Montreal Light, Heat and Power Consol. 3½%, 1956.
Montreal Light, Heat and Power Consol. 3½%, 1973.
Montreal Light, Heat and Power Consol. 3%, 1949.
Nova Scotia Light and Power Co. 4%, 1957.
Province of Ontario 5%, 1948.
Ottawa Light, Heat and Power Co. 4% series B, 1957.
Porto Rico Power Ltd. 5%, May 1, 1962.
Quebec Power Co. 4% series C, 1962.
Shawinigan Water and Power Co. 4% serie C, 1969.
Shawinigan Water and Power Co. 4% series F, 1961.
City of Toronto 4½%, Feb. 1, 1951.
City of Toronto 4½%, April 1, 1951.
Union Gas Co. of Canada, 4½%, Dec. 1, 1950.
United Corporations 5%, 1953.

Stocks

Andian National Corp., capital stock.
Bathurst Power and Paper, class A common.
Bell Telephone Co. of Canada.
Bralorne Mines Ltd.
British American Oil Co.
Canada and Dominion Sugar Co., common.
Canadian Industries Ltd., 7% preferred.
Consolidated Mining and Smelting, common.
Distillers Corporation-Seagrams Ltd., c.
Hollinger Mines, common.
National Breweries, common.
National Steel Car Corp., capital stock.
Saguenay Power Co. Ltd., 5½% pref.
Robert Simpson Co. Ltd., 6% preferred.
Southern Canada Power Co. Ltd., 6% p.
Steel Co. of Canada Ltd., 7% preferred.

Swollen Civil Service Probably Permanent

From Our Own Correspondent

OTTAWA.—Through the Bureau of Statistics, the Government is taking a count of the civil service. Many thousands of people have been hired by the Government since the outbreak of war but so far no reliable information on the numbers or cost of these new civil servants has been gathered together.

There are three sources at Ottawa whence reliable information might be expected: Dominion Bureau of Statistics, the Civil Service paymaster, and the Civil Service Commission. But none of these is satisfied with the accuracy of present figures.

But it appears, from reliable though incomplete information, that at least 7,000 have been added to the public payroll. This does not include the so-called "dollar-a-year" men.

Rapid Growth

What this means may be judged by earlier statistics. In 1925 there were 38,645 civil servants. The number steadily increased, by 1930 to 43,525, by 1939 to 46,106. The cost in 1939 was $91 millions and the preliminary cost figure for the fiscal year 1939-40 (March 31) is $97 millions.

It may be assumed that there are now more than 50,000 civil servants and that the annual bill is around $110 millions. This means that in 1940 we are spending almost as much on the civil service as the entire national budget in 1914.

Two sources of information, while not all-embracing, indicate what is happening. The first is a return tabled in Parliament last July which revealed that up to June 30, some 3,000 persons had been hired by the State since the outbreak of war.

The cost of these new employees, up to that date, was estimated at $2,530,689. But this figure was admittedly incomplete because several departments failed to report their increases in staff.

Defense Hiring

A few days ago the three defense departments issued a statement covering increases in staff. In Sept., 1939, there were 1,335 persons employed. On Oct. 12, 1940, the number was 5,447. Some 1,600 civilians have been added to the staff of the Defense Department (army); 770 to the Air Force and 336 to the Navy.

The figures indicate how the rapid expansion at Ottawa is reflected in costs. Several new temporary office structures have been built and other existing buildings have been acquired. As a result, the Public Works Department reports an increase of 99 charwomen, 11 cleaners, 8 elevator operators, 27 caretakers and some 20 others of like category. The cost of these people is $99,239 per year.

Affects All Departments

It might be thought that war would stimulate only a few departments, while reducing the volume of work in others. The available information does not support this. Up to June 30, various departments had added employees to the payrolls as follows:

Department	No. Added
Agriculture	27
Dom. Archives	2
Auditor-General	26
Civil Service Comm.	43
Comptroller of Treasury	456
External Affairs	17
Finance	35
For. Exchange Control	489
Governor-General	3
Dept. of Insurance	1
Dept. of Justice	7
Labor	12
Munitions and Supply	440
Nat. Revenue	26
Income Tax	20
Customs & Excise	60
Pensions & Nat. Health	254
Post Office	166
Printing Bureau	18
R.C.M.P.	39
State Dept.	55
Trade & Commerce	41
Research	87
Transport	342
Wartime Prices Bd.	65
Total	2,731

Practically all of these employees are "temporary" and in theory they can be let out when the war is over. But the record shows that such action is most improbable. During the last war, great numbers of people were hired on a temporary basis in the years following the war they were "blanketted" into the permanent class by a number of statutes.

Allot Rent Appeal Job To Local Officials

By STAFF WRITER

OTTAWA.—Deluged with protests from 36 areas where rents have been pegged, the Government plans to delegate responsibility to local authorities.

In some cases the county court judge will do the work, in others a committee will help him. This will facilitate the hearing of rent protests, but appeals to the Wartime Prices and Trade Board at Ottawa will still be permitted.

Following a serious shortage of housing in areas adjacent to military activity, the Board recently issued an order pegging rents at the level of Jan. 1, 1940, with some leeway for permanent improvements. Since the original order some weeks ago, the list of areas has been gradually extended to its present total. Although there have been pleas for a still wider extension, The Financial Post is informed that such a course is doubtful.

Wide Powers

The Wartime Prices Board, already has the power to control rents all over the Dominion. The only reason that the military congested areas like Halifax, Kingston and Barrie were singled out was because these were exceptional cases and a blanket order appeared to be the speediest solution.

Board authorities, The Post is informed, are hopeful that the whole rent situation will gradually become stabilized, that there will be no more threat of sudden rises, and that beyond some central supervision, the general situation will take care of itself. Barring new and unexpected military concentrations or sharp inflation no big changes are anticipated.

Speaking very generally the Board sees no reason for any rise in rent since the first of the year and unless special circumstances can be advanced increases will not be permitted. Ordinary redecorating, or other maintenance work is not considered a sufficient reason for a raise. Neither is a slight increase in the cost of coal, or taxes.

Only factors that affect all property holders throughout the whole district will get consideration.

Solution of housing problems in new isolated war factory areas is up to the Department of Munitions and Supply, The Post is informed. Around some of these new plants, it is understood, conditions are serious now that winter is approaching and in some places people have been living in tents.

Around New Plants

A start, however, has been made to provide more permanent housing. The Department of Munitions and Supply has already erected some military type hutments, and more are expected to follow. Private housing capital is not interested because there is no guarantee that any settlement will remain after the war is over.

In the United States many war contracts now contain a clause compelling the successful bidder to provide housing for the workers to be engaged. This is true particularly of contracts which necessitate the erection of new plants. It is believed that similar clauses may be used in future Canadian war contracts. But in any case the Department of Munitions and Supply seems slated to accept the responsibility for this situation.

Loblaw 1940 Dividends Brought to 1939 Level

Loblaw Groceterias Co. has declared an extra dividend of 12½ cents per share, payable with the regular quarterly payment of 25 cents on Dec. 2. The distribution will be made to holders of both Class A and B shares of record Nov. 9.

After payment of current declaration, total disbursements for the full 12 months will amount to $1.25 per share, the same as paid in the two preceding years.

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War work is now the primary interest of Canadian women. So Chatelaine comes along with something new and inspiring . . . a pictorial story of women's war activities in all parts of the country . . . women at work in every conceivable capacity.

Then there's an exciting description of the new 1941 motor cars . . . "Alice in Autoland" . . . a grand conducted tour that will make many a woman's heart beat faster and many a husband the subject for "autosuggestion—1941 model."

And, of course, the regular departments of Beauty Culture, Housekeeping, Child Welfare and Handicrafts all have their usual quota of news and suggestions.

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But even that's not all. Women, like men, need occasional escape from war work. In November Chatelaine, there are the opening chapters of "A Star for Susan," a new serial by Frances Shelley Wees, a Canadian with many splendid successes. This latest story is another big scoop for Chatelaine.

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